Annual Financial Statements

for

Endumeni Local Municipality

for the year ended 30 June:	***2019***
Province:	KwaZulu Natal
AFS rounding:	**R (i.e. only cents)**

Contact Information:

Name of Acting Accounting Officer:	Mr VM Kubeka
Name of Chief Financial Officer:	Mr A Ngcobo
Contact telephone number:	0342122121
Contact e-mail address:	cfo@endumeni.gov.za
Name of contact at provincial treasury:	Thembelihle Msomi
Contact telephone number:	0338974221
Contact e-mail address:	thembelihle.msomi@kzntreasury.gov.za
Name of relevant Auditor:	Auditor General
Contact telephone number:	0332647400
Contact e-mail address:	johnnys@agsa.co.za
Name of contact at National Treasury:	Ayanda Lekopa
Contact telephone number:	012 315 5453
Contact e-mail address:	Ayanda.Lekopa@treasury.gov.za

General information

Members of the Council with effect from 1 July 2018

Cllr SR Mbatha	Mayor - Exco member (01 July 2018 - 31 October 2018)
Cllr TP Mlotshwa	Mayor - Exco member (16 November 2018 to 19 December 2018)
Cllr SB Mdluli	Mayor - Exco member (28 March 2019 to date)
Cllr SB Mdluli	Deputy Mayor - Exco Member (19 November 2018 to 27 March 2019)
Cllr MI Nkosi	Deputy Mayor - Exco Member (26 June 2019 to date))
Cllr Mbatha Makhathini	Speaker (01 July 2018 to 31 October 2018)
Cllr TL Khumalo	Speaker (16 November 2018 to date)
Clllr Dr Bedassi	Member of the Executive Committee (01 July 2018 to 31 March 2019)
Cllr TM Mahaye	Member of the Executive Committee (01 July 2018 to 19 November 2018)
Cllr Ndlovu	Member of the Executive Committee (23 January 2019 to date)
Cllr MI Nkosi	Member (06 March 2019 to 25 June 2019)
Clllr DP Nkosi	Member (13 November 2018 to 04 February 2019)
Cllr Ndlovu	Member (07 November 2018 to 22 January 2019)
Cllr LT Khumalo	Member (01 July 2018 to 15 November 2018)
Cllr NE Khanyile	Member (01 July 2018 to date)
Cllr AM Raubenheimer	Member (01 July 2018 to date)
Cllr TP Mlotshwa	Member (29 September 2017 to 15 November 2018)
Cllr Mthethwa	Member (21 February 2019 to date)
Cllr SN Zwane	Member (01 July 2018 to date)
Cllr TI Makaba	Member (01 July 2018 to date)
Cllr MH Xaba	Member (01 July 2018 to date) MPAC (12 June 2019 to date)
Cllr SB Mdluli	Member (01 July 2019 to 18 November 2018)
Cllr CJ Carelse	Member (01 July 2018 to date)
Cllr TM Mahaye	Member (01 July 2018 to date)

Acting Accounting Officer
Mr VM Kubeka

Chief Financial Officer
Mr A Ngcobo

Grading of Local Authority
3

Auditors
Auditor-General

Primary Bank
FNB Bank

General information (continued)

Registered Office:	Endumeni Municipality
Physical address:	64 Victoria Street Civic Centre Dundee 3000
Postal address:	Private Bag X2024 Dundee 3000
Telephone number:	0342122121
Fax number:	0342123856
E-mail address:	pamm@endumeni.gov.za

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality however faces challenges of debtor non-payment and the high rate of electricity losses due to theft.

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 56, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Accounting Officer: Mr VM Kubeka

31 August 2019

Endumeni Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

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Abbrievations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Muncipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant

Endumeni Local Municipality
Statement of Financial Position
as at 30 June 2019

	Note	2019	2018 RESTATED
		R	R
ASSETS			
Current assets		**73 913 123**	**64 440 791**
Inventories	2	6 446 923	6 682 075
Bank balances and cash	3	5 281 198	10 126 507
Current portion of non-current receivables	4	0	0
Trade and other receivables from exchange transactions	5	9 123 195	4 923 279
Trade and other receivables from non-exchange transactions	6	15 161 586	13 024 577
Current investments	7	37 900 222	29 684 354
Non-current assets		**366 528 181**	**350 196 342**
Property, plant and equipment	8	309 475 668	302 150 483
Intangible assets	9	115 513	155 859
Investment property	10	56 937 000	47 890 000
Total assets		**440 441 304**	**414 637 133**
LIABILITIES			
Current liabilities		**57 343 150**	**49 954 558**
Trade and other payables from exchange transactions	11	32 019 852	35 941 582
Consumer deposits	12	5 122 224	4 820 657
VAT payable	13	3 047 189	2 456 426
Current provisions	14	3 401 335	2 630 737
Current portion of unspent conditional grants and receipts	15	13 752 551	4 105 156
Non-current liabilities		**63 339 724**	**61 903 209**
Non-current provisions	14	13 364 392	12 929 422
Defined benefit plan obligations	44	49 975 332	48 973 787
NET ASSETS		**319 758 430**	**302 779 366**
Housing Development Fund	16	4 548 969	4 447 628
Accumulated surplus / (deficit)		315 209 461	298 331 738
Total net assets		**319 758 430**	**302 779 366**

Endumeni Local Municipality
Statement of Financial Performance
for the year ending 30 June 2019

	Note	2019	2018 RESTATED
		R	R
REVENUE			
Revenue from exchange transactions		**147 607 397**	**146 508 661**
Service charges	19	133 877 446	124 649 596
Rental of facilities and equipment	20	1 508 127	1 661 994
Interest earned - external investments	21	2 963 471	3 282 788
Licences and permits		4 119 369	4 006 709
Operational revenue from exchange transactions	23	5 138 984	12 907 574
Revenue from non-exchange transactions		**174 819 278**	**159 950 941**
Property rates	18	79 156 962	74 932 458
Property rates - penalties and collection charges		10 189 465	8 096 749
Fines		2 407 751	1 987 559
Transfers and subsidies	22	83 065 101	74 934 174
Total revenue		**322 426 675**	**306 459 602**
EXPENSES			
Employee related costs	24	111 809 502	101 827 546
Remuneration of councillors	25	4 104 787	4 262 379
Debt Impairment	5	13 928 457	12 906 692
Unwinding discount on landfill site provision	14	162 722	2 032 382
Municipal services cost		4 622 322	4 198 312
Depreciation	26	13 157 634	11 044 587
Amortisation	26	40 346	(47 581)
Finance costs	27	0	182 809
Bulk purchases	28	89 415 159	81 276 911
Contracted services	29	22 452 226	21 515 734
Operational costs	30	49 691 512	44 113 133
Retirement and long services benefits	44	4 660 244	2 748 727
Total expenses		**314 044 911**	**286 061 631**
Gain / (loss) on sale of assets	31	(1 727 085)	-
(Impairment loss) / Reversal of impairment loss	32	(17 223)	(212 227)
Gain / (loss) on fair value adjustment	33	9 047 000	610 000
Inventories: (Impairment loss)/ Reversal of impairment loss	32	(83 188)	(98 206)
Surplus / (deficit) for the period		**15 601 269**	**20 697 538**

Endumeni Local Municipality
Statement of Changes in Net Assets
as at 30 June 2019

	Housing Development Fund	Insurance Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R
Opening balance as previously reported 2017	**4 359 245**	**897 688**	**275 604 631**	**280 861 563**
Reclassification of Insurance reserve to surplus		(897 688)	897 688	-
Prior period error (Refer to note 37)			980 335	980 335
Restated Balance as at 30 June 2017	**4 359 245**	**-**	**277 482 653**	**281 841 898**
Restated Surplus for the year	-		20 697 538	20 697 538
Transactions for the year	88 383	151 547	-	239 931
Reclassification of Insurance reserve to surplus		(151 547)	151 547	
Effect of rounding in the financial statements			(0)	-0
				-
Restated Balance as at 30 June 2018	**4 447 628**	**-**	**298 331 738**	**302 779 366**
Surplus / (deficit) for the period		-	15 601 269	15 601 269
Transactions for the year	101 341	1 276 454		1 377 795
Reclassification of Insurance reserve to surplus		(1 276 454)	1 276 454	-
Effect of rounding in the financial statements			0	0
Balance at 30 June 2019	**4 548 969**	**-**	**315 209 461**	**319 758 430**

Refer to note 17 for ring fenced reserves within accumulated surplus

Endumeni Local Municipality
Cash Flow Statements
as at 30 June 2019

	Note	2019	2018 RESTATED
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**306 675 957**	**298 737 834**
Sales of goods and services		213 865 908	222 519 008
Transfers and subsidies		92 810 048	76 218 826
Payments		**287 987 918**	**275 460 626**
Employee costs		110 792 533	101 559 252
Suppliers		177 195 386	173 901 374
Cash generated from operations	34	**18 688 038**	**23 277 208**
Interest received		2 963 471	3 282 788
Interest paid		-	(182 809)
Net cash flows from operating activities		**21 651 509**	**26 377 187**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	8	(19 523 070)	(37 200 744)
Proceeds from sale of fixed assets		1 000 280	-
Proceeds from sale of investments		-	-
Purchase of intangibles	9	-	(86 100)
Decrease/(Increase) in Long term receivables		(59 726)	(72 925)
Net cash flows from investing activities		**(18 582 515)**	**(37 359 770)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(2 875 809)
Decrease/(Increase) in Consumer deposits		301 566	295 659
Net cash flows from financing activities		**301 566**	**(2 580 150)**
Net increase / (decrease) in cash and cash equivalents		3 370 560	(13 562 733)
Net cash and cash equivalents at beginning of period		39 810 860	53 373 593
Net cash and cash equivalents at end of period	35	**43 181 420**	**39 810 860**

Endumeni Municipality
Statement of Comparison of Budget and Actual Information
as at 30 June 2019

	2019													2018
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance														
Property rates	85 684 470	15 015 000	100 699 470		100 699 470	89 346 427		-11 353 043	89	104				83 029 208
Service charges	152 530 915	-8 245 057	144 285 858		144 285 858	133 877 446		-10 408 412	93	88				124 649 596
Investment revenue	5 600 000	-2 000 000	3 600 000		3 600 000	2 963 471		-636 529	82	53				3 282 788
Transfers recognised - operational	80 099 999	-22 088 800	58 011 199		58 011 199	57 751 706		-259 493	100	72				47 329 680
Other own revenue	21 057 268	-11 134 877	9 922 391		9 922 391	22 221 230		12 298 839	224	106				21 173 836
Total Revenue (excluding capital transfers and contributions)	344 972 652	-28 453 734	316 518 918		316 518 918	306 160 280		-10 358 638	97	89				279 465 108
Employee costs	131 531 957	-7 797 449	123 734 508	-	123 734 508	116 469 746	-7 264 762	-7 264 762	94	89	-	-	-	104 576 273
Remuneration of councillors	4 593 957	-	4 593 957	-	4 593 957	4 104 787	-489 170	-489 170	89	89	-	-	-	4 262 379
Debt impairment	7 443 668	2 000 000	9 443 668	-	9 443 668	13 928 457	4 484 789	4 484 789	147	187	-	-	-	12 906 692
Depreciation & asset impairment	5 576 000	2 828 849	8 404 849	-	8 404 849	13 215 203	4 810 354	4 810 354	157	237	-	-	-	11 209 234
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	182 809
Materials and bulk purchases	86 958 209	4 014 500	90 972 709	-	90 972 709	89 960 599	-1 012 110	-1 012 110	99	103	-	-	-	81 811 866
Transfers and grants	5 465 057	-5 155 057	310 000	-	310 000	-	-310 000	-310 000	-	-	-	-	-	4 780 338
Other expenditure	99 995 526	-19 116 576	80 878 950	-	80 878 950	78 193 614	-2 685 336	-2 685 336	97	78	-	-	-	66 642 474
Total Expenditure	341 564 374	-23 225 734	318 338 641	-	318 338 641	315 872 406	-2 466 234	-2 466 234	99	92	-	-	-	286 372 064
Surplus/(Deficit)	3 408 278	-5 228 000	-1 819 723		-1 819 723	-9 712 126		-7 892 404	534	-285				-6 906 957
Transfers recognised - capital	32 487 000	-274 500	32 212 500		32 212 500	25 313 395		-6 899 105	79	78				27 604 494
Contributions recognised - capital & contributed assets			-		-									
Surplus/(Deficit) after capital transfers & contributions	35 895 278	-5 502 500	30 392 777		30 392 777	15 601 269		-14 791 509	51	43				20 697 537
Share of surplus/ (deficit) of associate			-		-									
Surplus/(Deficit) for the year	35 895 278	-5 502 500	30 392 777		30 392 777	15 601 269		-14 791 509	51	43				20 697 537
Capital expenditure & funds sources														
Capital expenditure	45 178 400	-1 108 600	44 069 800		44 069 800	23 227 408				51				48 713 160
Transfers recognised - capital	24 487 000	-85 000	24 402 000		24 402 000	18 868 855		-5 533 145	77	77				27 604 494
Public contributions & donations	8 000 000	-			-	3 704 338		3 704 338	-	-				11 512 416
Borrowing	-	-	-		-	-		-	-	-				-
Internally generated funds	12 691 400	-1 023 600	11 667 800		11 667 800	654 215		-11 013 585	6	5				9 596 250
Total sources of capital funds	45 178 400	-1 108 600	36 069 800		36 069 800	36 069 800		-	100	80				48 713 160
Cash flows														
Net cash from (used) operating	58 293 024	-53 713 966	4 579 058		4 579 058	21 651 509		17 072 451	473	37				26 377 187
Net cash from (used) investing	-45 178 400	21 108 600	-24 069 800		-24 069 800	-18 582 515		5 487 285	77	41				-37 359 770
Net cash from (used) financing	-	500 000	500 000		500 000	301 566		-198 434	60	#DIV/0!				-2 580 150
Cash/cash equivalents at the year end	62 468 695	-13 115 124	49 353 571		49 353 571	43 181 420		-6 172 151	87	69				39 810 860

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality however faces challenges of debtor non-payment for municipal services and a high rate of electricity losses due to theft. This may have future implications on the operations of the municipality

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided to these financial statements and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP and interpretations of Standards of GRAP approved have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 32 - Service Concession Arrangements: Grantor
GRAP 108 - Statutory Receivables
IGRAP 17 - Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset
GRAP 20 - Related Party Disclosures

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1.2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		**Other**	
Roads and Paving	3 - 100 years	Machinery and equipment	3 - 20 years
Electricity	3 - 80 years	Furniture and Equipment	3 - 50 years
Water	5 - 100 years	Motor Vehicles	4 - 20 years
Sewerage	10 - 60 years	Buildings	5 - 30 years
Other	10 - 30 years		

At each reporting date the municipality will assess whether there has been an indication that the expectation of the remaining useful lives of assets have changed. Such reviews are completed on Infrastructure, movable, intangible and leased assets. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 HERITAGE ASSETS

INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:
(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and

(b) the cost or fair value of the asset can be measured reliably.

INITIAL MEASUREMENT

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

SUBSEQUENT MEASUREMENT

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

DERECOGNITION

The carrying amount of a heritage asset is derecognised:
(a) on disposal, or
(b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.4 INTANGIBLE ASSETS

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential;

the municipality has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2 - 5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

IMPAIRMENT

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 INVESTMENT PROPERTY

INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is subsequently measured at fair value model. The fair value of investment property is based on the valuation roll values of the local municipality in whose jurisdiction the investment property is situated. Fair value is adjusted when a new valuation roll is implemented by the local municipality for property tax purposes. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.6 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining cost is the weighted-average method.

DERECOGNITION

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.71 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.72 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.73 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.74 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.75 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared.The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.76 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.77 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of consumables and sundry items is recognised when the risk is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

EXPENDITURE FROM EXCHANGE

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from spot fines and summons are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.78 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms on the Housing Act (Act 107 of 1997)

Sections 15 (5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa), read with inter alia section 16(2), the Housing Act required that the net proceeds of any letting, sale or alienation of property, previously financed from government hosuing funds, to be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

1.79 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.8 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1.81 POST-EMPLOYMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

DEFINED BENEFIT PLANS

A defined benefit plan is a post- employment benefit plan other than a defined contribution plan. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution funds

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

POST RE-TIREMENT HEALTH CARE BENEFITS

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

1.82 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount.

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach.The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

INVESTMENT PROPERTY HELD AT COST

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

RELATED PARTIES

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in makingfinancial and operating decisions or is a member of the key management of the municipality. Refer to Note 46 - Related Parties

CAPITAL COMMITMENTS

A capital commitment is a binding agreement to undertake capital expenditure at some time in the future which has not yet become an actual liability

	Note	2019	2018
		R	R

2 INVENTORIES

Material and supplies - electricity	4 333 122	5 072 715
Consumable - general	1 952 679.39	1 330 869
Consumable - fuel and oils	147 774	258 604
Mechanical spares	13 348	19 887
Closing balance of inventories	**6 446 923**	**6 682 075**
Write down of inventory	**118 440**	**-**

Inventory has been impaired for redundant and obsolete items

Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority. The stock write down for the current year is still subject to council approval

3 BANK BALANCES AND CASH

Cash and cash equivalents consist of the following:		
Cash on hand	15 300	14 800
Cash at bank	5 265 898	10 111 707
	5 281 198	10 126 507

The Municipality has the following bank accounts: -
Current Account (Primary Bank Account)

First National Bank Account - Dundee Branch
Account Number 62025460651: Cheque Account

Cash book balance at beginning of year	10 111 707	3 758 147
Cash book balance at end of year	5 265 898	10 111 707
Bank statement balance at beginning of year	10 111 707	3 758 147
Bank statement balance at end of year	5 265 898	10 111 707

4 NON-CURRENT RECEIVABLES

Housing - Selling scheme loans	547 106	571 048
Housing - Sibongile	1 366 238	1 282 569
Housing - Individual selling scheme loans	140 507	140 507
	2 053 851	1 994 124
Less : Provision for housing receivables	(2 053 851)	(1 994 124)
	-	-
Less : Current portion transferred to current receivables		-
Total Non Current Receivables	-	-

HOUSING SELLING SCHEME LOANS
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Human Settlements programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%. Title deeds for many of these properties have been handed over to the beneficiaries in the 2015/16 financial year.

5 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade and Other Receivables from Exchange	R	R
Electricity	6 644 636	4 502 038
Refuse	19 223 261	17 710 040
Debtors for Value Added Taxation	3 802 289	3 190 401
Estate	56 987	52 844
Interest	10 370 074	9 810 221
Refund	279 126	168 706
Deposit Housing	8 050	6 745
Deposit Electricity	24 187	31 281
Receipt	22 582	(989 072)
Housing Levy	628 617	544 373
Legal Fees	73 455	93 303
Sundry Adjustments	270 227	279 188
Total Service Debtors	41 403 491	35 400 069
Provision for Doubtful Debts	(32 280 296)	(30 476 790)
Total	**9 123 195**	**4 923 279**

	Note	2019	2018
		R	R
Electricity: Ageing			
Current (0 – 30 days)		4 623 363	3 489 290
31 - 60 Days		836 239	54 055
61 - 90 Days		218 120	12 043
91 - 120 Days		113 560	18 136
Greater than 120 days		853 354	928 514
Total		**6 644 636**	**4 502 038**
Refuse: Ageing			
Current (0 – 30 days)		1 253 636	1 648 649
31 - 60 Days		602 846	355 318
61 - 90 Days		491 300	328 408
91 - 120 Days		436 327	317 564
Greater than 120 days		16 439 153	15 060 100
Total		**19 223 261**	**17 710 040**
Debtors for Value Added Taxation: Ageing			
Current (0 – 30 days)		885 202	766 967
31 - 60 Days		214 921	61 832
61 - 90 Days		107 162	48 677
91 - 120 Days		82 896	48 176
Greater than 120 days		2 512 108	2 264 748
Total		**3 802 289**	**3 190 401**
Estate: Ageing			
Current (0 – 30 days)		2 259	2 784
31 - 60 Days		737	697
61 - 90 Days		696	697
91 - 120 Days		627	802
Greater than 120 days		52 667	47 863
Total		**56 987**	**52 844**
Interest: Ageing			
Current (0 – 30 days)		188 538	302 692
31 - 60 Days		182 055	145 967
61 - 90 Days		172 334	143 128
91 - 120 Days		165 565	140 656
Greater than 120 days		9 661 581	9 077 779
Total		**10 370 074**	**9 810 221**
Refund: Ageing			
Current (0 – 30 days)		14 434	4 672
31 - 60 Days		7 192	5 963
61 - 90 Days		1 078	(175)
91 - 120 Days		867	1 913
Greater than 120 days		255 554	156 333
Total		**279 126**	**168 706**
Deposit Housing: Ageing			
Current (0 – 30 days)		450	753
31 - 60 Days		300	250
61 - 90 Days		250	200
91 - 120 Days		250	200
Greater than 120 days		6 800	5 342
Total		**8 050**	**6 745**

	Note	2019	2018
		R	R
Deposit Electricity: Ageing			
Current (0 – 30 days)		750	10 019
31 - 60 Days		1 098	308
61 - 90 Days		14	363
91 - 120 Days		2 059	288
Greater than 120 days		20 266	20 303
Total		**24 187**	**31 281**
Add back credits included above: Ageing			
Current (0 – 30 days)			(637 288)
31 - 60 Days			(96 322)
61 - 90 Days			(53 598)
91 - 120 Days			(43 678)
Greater than 120 days		22 582	(158 186)
Total		**22 582**	**(989 072)**
Housing Levy: Ageing			
Current (0 – 30 days)		32 540	49 319
31 - 60 Days		19 830	19 779
61 - 90 Days		17 301	13 150
91 - 120 Days		20 486	13 150
Greater than 120 days		538 460	448 975
Total		**628 617**	**544 373**
Legal Fees: Ageing			
Current (0 – 30 days)		-	(143)
31 - 60 Days		-	
61 - 90 Days		-	
91 - 120 Days		-	
Greater than 120 days		73 455	93 446
Total		**73 455**	**93 303**
Sundry Adjustments: Ageing			
Current (0 – 30 days)		20 511	19 162
31 - 60 Days		1 126	4 168
61 - 90 Days		4 731	3 514
91 - 120 Days		3 948	2 471
Greater than 120 days		239 910	249 874
Total		**270 227**	**279 188**

Included in the trade and Other Receivables from exchange balances are the amounts owed by other spheres of Government:

Summary of Debtors by Customer Classification	**Consumers**	**Industrial / Commercial**	**National and Provincial Government**
	R	R	R
as at 30 June 2019			
Current (0 – 30 days)	4 815 622	5 144 080	841 056
31 - 60 Days	2 258 532	1 149 541	193 053
61 - 90 Days	1 963 149	453 190	142 005
91 - 120 Days	2 823 450	446 413	93 062
121+ Days	73 885 366	5 264 529	3 783 140
Sub-total	**85 746 119**	**12 457 753**	**5 052 316**
Total debtors			**103 256 188**
Add back consumers with credit balances			**1 630 287**
Total debtors by customer classification			**104 886 475**

	Note	2019	2018
		R	R
as at 30 June 2018			
Current (0 – 30 days)	5 866 195	4 612 574	1 049 299
31 - 60 Days	1 396 476	206 489	135 140
61 - 90 Days	1 301 797	208 422	95 646
91 - 120 Days	1 251 662	223 048	92 506
121 + Days	64 090 344	4 636 668	4 359 358
Sub-total	**73 906 475**	**9 887 202**	**5 731 949**
Total debtors			**89 525 626**
Add back consumers with credit balances			**1 312 348**
Total debtors by customer classification			**90 837 974**

5 Reconciliation of the doubtful debt provision

Reconciliation of the Bad Debt Provision		
Balance at beginning of the year	91 879 995	78 973 303
Revenue from exchange	30 476 790	26 676 523
Non-current receivables	1 994 124	1 915 488
Revenue from non-exchange	59 409 081	50 381 293
Contribution to provision	9 550 202	12 906 692
Revenue from exchange	1 803 506	3 800 268
Non-current receivables	59 728	78 636
Revenue from non-exchange	7 686 968	9 027 789
Revenue from exchange	32 280 296	30 476 790
Non-current receivables	2 053 851	1 994 124
Revenue from non-exchange	67 096 049	59 409 081
Balance at end of year	**101 430 197**	**91 879 995**
Bad debts written off against the provision	**4 378 255**	**-**

6 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Trade Receivables - Property Rates	41 396 992	34 806 143
Penalties	19 397 826	18 396 432
Collection Fees	2 688 166	2 235 329
Other Debtors	18 774 651	16 995 754
	82 257 635	72 433 659
Less provision for bad debts	(67 096 049)	(59 409 081)
Total	15 161 586	13 024 577

Rates: Ageing

Current (0 – 30 days)	4 111 750	5 235 711
31 - 60 Days	1 512 981	874 838
61 - 90 Days	1 257 573	805 936
91 - 120 Days	1 102 106	771 910
Greater than 120 days	33 412 581	27 117 749
Total	**41 396 992**	**34 806 143**

Penalties: Ageing

Current (0 – 30 days)	305 748	510 389
31 - 60 Days	298 463	250 843
61 - 90 Days	294 931	245 911
91 - 120 Days	1 314 104	241 002
Greater than 120 days	17 184 580	17 148 286
Total	**19 397 826**	**18 396 432**

Collection Fees: Ageing

Current (0 – 30 days)	86 424	125 092
31 - 60 Days	79 809	60 408
61 - 90 Days	74 794	57 611
91 - 120 Days	304 474	54 626
Greater than 120 days	2 142 665	1 937 592
Total	**2 688 166**	**2 235 329**

	Note	2019	2018
		R	R

Property rates past due but not impaired

Property rates which are less than 3 months past due are not considered to be impaired. At 30 June 2019 R7 397 258.50 (2018 R4 487 661.74) were past due but not impaired.
The ageing of amounts past due but not impaired is as follows:

1 month past due	744 485	609 366
2 months past due	503 855	179 963
3 months past due	555 129	111 214

Property rates impaired

As of 30 June 2019, property rates of R 56 008 111.75 (2018 R 50 187 225) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 4 months	3 183 857	1 980 293
Over 4 months	49 319 246	45 184 998

The fair value of property rates approximates their carrying amounts.

7 INVESTMENTS

7 CURRENT		
Investments - General Account	24 508 802	22 901 671
Investments - Museum Trust Fund	56 876	13 465
Investments - Government Grants and Subsidies	13 334 544	6 769 218
	37 900 222	**29 684 354**

ACCOUNT DESCRIPTION - Investments (MFMA requirement)

Investment General Account
Absa Bank Account - Dundee Branch
Account Number 9072089566 : Call Account

Bank statement balance at the begining of the year	5 999 360	5 999 360
Bank statement balance at the end of the year	**6 006 332**	**5 999 360**

Investment General Account
First National Bank Account - Dundee Branch
Account Number 62113431390 : Money Market Account

Bank statement balance at the begining of the year	317 000	810 000
Bank statement balance at the end of the year	**6 532 973**	**317 000**

Investment General Account
Grindrod Bank - Durban Branch
Account Number 11000207002 Call Account

Bank statement balance at the begining of the year	5 587 361	5 239 294
Bank statement balance at the end of the year	5 955 670	5 587 361

Investment General Account
Ithala Bank - Nquthu Branch
Account Number 36744276

Bank statement balance at the begining of the year	5 361 637	5 205 204
Bank statement balance at the end of the year	-	5 361 637

Investment General Account
Investec Branch - Sandton Branch
Account Number 540709 fixed deposit

Bank statement balance at the begining of the year	5 636 313	5 249 348
Bank statement balance at the end of the year	6 013 827	5 636 313

TOTAL INVESTMENTS (CURRENT ACCOUNT) :	**24 508 802**	**22 901 671**

Investment Museum Trust Fund
First National Bank Account - Dundee Branch
Account Number 62127781236 : Money Market Account

Bank statement balance at the begining of the year	13 465	10 000
Bank statement balance at the end of the year	**56 876**	**13 465**

TOTAL INVESTMENT (MUSEUM TRUST FUND) :	**56 876**	**10 000**

	Note	2019	2018
		R	R
Investment Projects			
First National Bank Account - Dundee Branch			
Account Number 62047254941 : Call Account			
Bank statement balance at the begining of the year		3 160 626	4 093 544
Bank statement balance at the end of the year		**1 267 898**	**3 160 626**
Investment Interest Earned			
First National Bank Account - Dundee Branch			
Account Number 62509652419 : Call Account			
Bank statement balance at the begining of the year		29 370	10 407 002
Bank statement balance at the end of the year		**1 074 198**	**29 370**
Investment VAT			
First National Bank Account - Dundee Branch			
Account Number 62509650851 : Call Account			
Bank statement balance at the begining of the year		64 400	8 769 908
Bank statement balance at the end of the year		**8 347 795**	**64 400**
Investment Sibongile Hostel			
First National Bank Account - Dundee Branch			
Account Number 62045928069 : Call Account			
Bank statement balance at the begining of the year		480 713	537 302
Bank statement balance at the end of the year		**508 172**	**480 713**
Investment Sithembile Hostel			
First National Bank Account - Dundee Branch			
Account Number 62063967718 : Call Account			
Bank statement balance at the begining of the year		391 610	370 178
Bank statement balance at the end of the year		**413 855**	**391 610**
Investment Training of Councillors			
First National Bank Account - Dundee Branch			
Account Number 62310958098 : Call Account			
Bank statement balance at the begining of the year		23 102	27 602
Bank statement balance at the end of the year		**11 102**	**23 102**
Investment Transfer / Buyback Centre			
First National Bank Account - Dundee Branch			
Account Number 62130398903 : Call Account			
Bank statement balance at the begining of the year		8 176	7 731
Bank statement balance at the end of the year		**8 598**	**8 176**
Investment Sibongile Library Internet			
First National Bank Account - Dundee Branch			
Account Number 62173631948 : Call Account			
Bank statement balance at the begining of the year		843 869	647 754
Bank statement balance at the end of the year		**396 274**	**843 869**
Investment Housing Operating Account			
First National Bank Account - Dundee Branch			
Account Number 62412969084 : Call Account			
Bank statement balance at the begining of the year		479 262	453 180
Bank statement balance at the end of the year		**506 450**	**479 262**
Investment Rural Horse Riding			
First National Bank Account - Dundee Branch			
Account Number 62599265876 : Money Market Account			
Bank statement balance at the begining of the year		18 048	241 392
Bank statement balance at the end of the year		**19 076**	**18 048**
Investment Small Town Rehabilitation			
First National Bank Account - Dundee Branch			
Account Number 62521487894 : Money Market Account			
Bank statement balance at the begining of the year		1 270 042	1 531 847
Bank statement balance at the end of the year		**781 125**	**1 270 042**
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :		**13 334 544**	**6 769 218**
TOTAL CURRENT INVESTMENTS		**37 900 222**	**29 684 354**

Figures in rands

8 Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	61 009 564.48	-	61 009 564.48	61 009 564.48	-	61 009 564.48
Community Asset (Buildings)	80 422 379.29	-23 043 401.82	57 378 977.47	78 453 857.11	-20 424 705.84	58 029 151.27
Electricty	47 981 458.51	-19 732 899.44	28 248 559.07	46 640 599.50	-18 483 264.23	28 157 335.27
Road	183 407 790.14	-60 844 440.84	122 563 349.30	155 591 640.65	-55 379 885.39	100 211 755.26
Solid waste	6 553 935.70	-4 299 631.50	2 254 304.20	6 482 755.70	-3 962 154.18	2 520 601.52
Cemeteries	3 972 078.28	-1 034 115.85	2 937 962.43	3 972 078.28	-780 014.57	3 192 063.71
AUC Buildings	8 114 242.90	-	8 114 242.90	5 164 012.23	-	5 164 012.23
AUC Electricity	124 703.85	-	124 703.85	-	-	-
AUC Roads	2 196 181.49	-	2 196 181.49	23 396 124.77	-	23 396 124.77
AUC Land Fill Site	226 726.00	-	226 726.00	226 726.00	-	226 726.00
AUC Cemeteries	3 368 995.26	-	3 368 995.26	-	-	-
Furniture and equipment	4 819 790.04	-2 909 286.43	1 910 503.61	4 051 356.03	-2 630 208.56	1 421 147.47
Computer equipment	5 524 887.93	-3 770 345.05	1 754 542.88	6 126 989.24	-4 321 980.07	1 805 009.17
Machinery and equipment	18 846 974.40	-8 223 631.84	10 623 342.56	16 025 863.56	-7 349 372.61	8 676 490.95
Transport Assets	13 867 970.42	-8 003 301.44	5 864 668.98	15 168 830.21	-7 727 646.39	7 441 183.82
Lease Assets	9 299.78	-8 809.73	490.05	9 978.09	-9 214.60	763.49
Housing letting schemes	1 124 352.63	-225 799.11	898 553.52	1 124 352.63	-225 799.11	898 553.52
	441 571 331.10	-132 095 663.05	309 475 668.05	423 444 728.48	-121 294 245.55	302 150 482.93

Repairs and maintenances to the value of R8 630 750.15 was incurred during the year to repair and maintain property plant and equipment.

Reconciliation of property, plant and equipment - 2019

	Restated Opening Balance	Additions	Donations	Newly identified assets at fair value	Transfers	Disposals	Depreciation	Impairment (loss)	Total
Land	61 009 564.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61 009 564.48
Community Asset (Buildings)	58 029 151.27	-	1 453 316.24	0.00	515 205.94	0.00	-2 618 695.98	0.00	57 378 977.47
Electricty	28 157 335.27	0.00	0.00	0.00	1 340 859.01	3 856.27	-1 253 491.48	0.00	28 248 559.07
Road	100 211 755.26	0.00	0.00	0.00	28 006 745.31	-26 336.77	-5 612 597.64	-16 216.86	122 563 349.30
Solid waste	2 520 601.52	157 580.00	0.00	0.00	0.00	-8 475.45	-415 401.87	0.00	2 254 304.20
Cemeteries	3 192 063.71	0.00	0.00	0.00	0.00	0.00	-254 101.28	0.00	2 937 962.43
AUC Buildings	5 164 012.23	2 589 312.20	1 708 446.34	0.00	-599 870.67	-747 657.20	0.00	0.00	8 114 242.90
AUC Electricity	0.00	1 709 041.12	0.00	0.00	-1 584 337.27	0.00	0.00	0.00	124 703.85
AUC Roads	23 396 124.77	7 971 268.37	0.00	0.00	-28 006 745.99	-1 164 465.66	0.00	0.00	2 196 181.49
AUC Land Fill Site	226 726.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	226 726.00
AUC Cemeteries	0.00	3 368 995.26	0.00	0.00	0.00	0.00	0.00	0.00	3 368 995.26
Furniture and equipment	1 421 147.47	234 493.00	540 498.00	0.00	84 664.71	-767.44	-369 500.17	-31.96	1 910 503.61
Computer equipment	1 805 009.17	522 493.12	0.00	0.00	0.00	-49 382.71	-522 602.50	-974.20	1 754 542.88
Machinery and equipment	8 676 490.95	2 969 886.71	2 077.32	0.00	243 478.26	-55 365.34	-1 213 225.34	0.00	10 623 342.56
Transport Assets - restated	7 441 183.82	0.00	0.00	0.00	0.00	-678 744.66	-897 770.18	0.00	5 864 668.98
Lease Assets	763.49	0.00	0.00	0.00	0.00	-25.61	-247.83	0.00	490.05
Housing letting schemes	898 553.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	898 553.52
	302 150 482.93	19 523 069.78	3 704 337.90	0.00	-0.70	-2 727 364.57	-13 157 634.27	-17 223.02	309 475 668.05

Reconciliation of property, plant and equipment - 2018

	Restated Opening Balance	Prior year adjustment	Additions	Donations	Disposals	Transfers	Restated Depreciation	Restated Impairment (loss)	Total
Land - restated	61 044 317.31	-34 752.83	0.00	0.00	0.00	0.00	0.00	0.00	61 009 564.48
Community Asset (Buildings) - restated	33 761 811.84	6 637 225.43	52 000.00	10 535 963.71	0.00	9 038 854.89	-1 996 704.60	0.00	58 029 151.27
Electricty - restated	23 163 438.80	146 314.88	270 926.44	0.00	0.00	5 559 702.77	-983 047.62	0.00	28 157 335.27
Road - restated	105 005 475.19	123 329.65	69 930.00	0.00	0.00	0.00	-4 970 163.83	-16 815.75	100 211 755.26
Solid waste - restated	2 858 507.07	58 570.99	0.00	0.00	0.00	0.00	-396 476.54	0.00	2 520 601.52
Cemeteries	3 446 157.48	0.00	0.00	0.00	0.00	0.00	-254 093.77	0.00	3 192 063.71
AUC Buildings - restated	15 136 991.95	-7 212 608.73	6 936 305.77	0.00	0.00	-9 696 676.76	0.00	0.00	5 164 012.23
AUC Electricity	337 176.97	0.00	5 222 525.78	0.00	0.00	-5 559 702.75	0.00	0.00	0.00
AUC Roads	2 907 370.63	-	20 488 754.14	0.00	0.00	0.00	0.00	0.00	23 396 124.77
AUC Land Fill Site	226 726.00	-	0.00	0.00	0.00	0.00	0.00	0.00	226 726.00
AUC Cemeteries	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture and equipment - restated	1 044 327.54	65 556.34	319 041.37	255 416.00	0.00	16 710.53	-278 629.64	-1 274.67	1 421 147.47
Computer equipment - restated	1 757 799.70	63 726.38	480 017.77	0.00	0.00	0.00	-495 364.44	-1 170.24	1 805 009.17
Machinery and equipment - restated	6 898 047.22	232 293.34	1 408 439.61	721 036.28	0.00	641 111.34	-989 961.03	-234 475.81	8 676 490.95
Transport Assets - restated	6 475 981.28	8 272.86	1 952 803.40	0.00	0.00	0.00	-995 873.72	0.00	7 441 183.82
Lease Assets	1 135.78	0.00	0.00	0.00	0.00	0.00	-372.29	0.00	763.49
Housing letting schemes - restated	1 010 537.62	-123 129.70	0.00	0.00	0.00	0.00	0.00	11 145.60	898 553.52
	265 075 802.38	-35 201.39	37 200 744.28	11 512 415.99	0.00	0.02	-11 360 687.48	-242 590.87	302 150 482.93

Details of property, plant and eulpment are included in a register which is available for inspection at the municipal ofices.
Refer to Note 37 for prior period errors

	Note	2019	2018 RESTATED
9 INTANGIBLE ASSETS		R	R

9 Reconciliation of carrying value

	R	R
as at 1 July 2018	155 859	22 177
Cost	1 012 897	926 797
Accumulated amortisation and impairment losses	(857 038)	(904 620)
Acquisitions	-	86 100
Amortisation	(40 346)	(7 071)
Carrying value of disposals		-
Cost	18 773	-
Accumulated amortisation	-18 773	0
Other movements Prior period error (Refer to Note 37)		54 653
as at 30 June 2019	**115 513**	**155 859**
Cost	994 124	1 012 897
Accumulated amortisation and impairment losses	(878 611)	(857 038)

The carrying value of intangible assets disclosed relate to computer software and other.

10 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

10 Reconciliation of fair value

	Investment property	Total
as at 1 July 2018	47 890 000	47 890 000
Acquisitions	-	-
Fair value adjustment	9 047 000	9 047 000
Newly identified assets		-
as at 30 June 2019	**56 937 000**	**56 937 000**

10 Reconciliation of fair value

	Investment property	Total
as at 1 July 2017	47 280 000	47 280 000
Acquisitions	-	-
Fair value adjustment		-
Newly identified assets	610 000	610 000
as at 30 June 2018	**47 890 000**	**47 890 000**
Restated (refer to Note 37)	**47 890 000**	**47 890 000**

The investment property values are based on the valuation roll. The fixed date of the revaluations was 1 July 2016. Valuations were performed by an independent valuer, Mr Philip Carl Jacobs, Professional Valuer, Registration number 5375, of Umhlaba Geomatics Incorporated of Dundee. The valuer is not connected to the municipality and have recent experience in the location and category of the investment property being valued. The valuation was based on open market value.

Rental income from these properties amount to	1 000 583	1 174 794

No amounts were expensed towards repairs and maintenance costs for income generating investment properties

Details of investment properties are included in a register which is available for inspection at the municipal offices

	2019	2018
	R	R
11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	16 940 305	11 963 075
Payments received in advance	2 202 258	1 763 367
Retentions	1 371 390	3 220 716
Staff leave accrual	7 678 930	6 661 961
Deposits - other	101 890	95 690
Other creditors	3 725 079	12 236 773
Total	**32 019 852**	**35 941 582**

The fair value of trade and other payables approximates their carrying amounts.

12 CONSUMER DEPOSITS		
Consumer deposits: electricity	**5 122 224**	**4 820 657**
Guarantees held in lieu of electricity deposits	153 310	153 310
13 VAT PAYABLE		
VAT payable	**3 047 189**	**2 456 426**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

14 PROVISIONS

14 CURRENT PROVISIONS

Current portion of long-service provision	554 554	607 046
Current portion of retirement benefit obligations	2 846 781	2 023 691
Total	**3 401 335**	**2 630 737**

14 NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites	8 663 924	8 501 202
Provision for long-service awards	4 700 467	4 428 220
Total Non-Current Provisions	13 364 392	12 929 422
Provision for rehabilitation of landfill sites		
Opening Balance	8 501 202	6 468 820
Unwinding discount	162 722	2 032 382
Balance at the end of year	**8 663 924.42**	**8 501 202**

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10.25%, over an average period of 1.3 years.

The provision created for the rehabilitation of the landfill site is based on Anderson Vogt Consulting Engineers assessment of the rehabilitation costs of the Glencoe dumpsite. A study will be done to determine the cost estimate in the near furture

The provision is calculated in line with the consulting engineers assessment as determined by discounting the present value of the estimate. The estimate excludes VAT. Council intends to commence spending against the provision in 1.3 years.

Provision for long-service awards		
Opening Balance	5 035 266	4 613 995
Contribution to provision	639 925	891 602
Expenditure incurred	(420 170)	(470 331)
	5 255 021	5 035 266
Transfer to current provisions	(554 554)	(607 046)
Balance at the end of year	**4 700 467**	**4 428 220**

The long-service award is payable after every 10 years and thereafter after 5 year intervals of continuous service.

15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS
Conditional Grants from other spheres of Government

LGSETA Grant	735 257	637 393
Transfer / Buyback Centre	8 641	8 176
Expanded Public Works Program	-	-
Sibongile Dundee Cyber Cadet Grant	395 860	843 869
Museum Grant	1 965	1 965
Rural Horse Riding Grant	19 076	18 048

	2019	2018
	R	R
Upgrade Sibongile Hostel	508 172	480 713
KZN Housing	206 365	206 365
Upgrade Sithembile Hostel	413 855	391 610
Training of councillors	11 102	23 102
Pound Grant	132 259	132 259
Sports Grant	27 261	-
MIG funding	1 554 491	-
Integrated National Electrification Programme grant	3 338 007	97 552
Sibongile housing project	-	-
Small Town Rehabilitation	781 125	1 264 104
Massification Programme Grant	5 119 114	-
Building Plan Man. System	500 000	-
Total Unspent Conditional Grants and Receipts	**13 752 551**	**4 105 156**

Non-current unspent conditional grants and receipts
Current portion of unspent conditional grants and receipts

See Note 24 for reconciliation of grants from other spheres of government.
These amounts are invested in ring-fenced investment until utilised.

16 HOUSING DEVELOPMENT FUND RESERVE

Housing Operating Account	4 548 969	4 447 628
	4 548 969	**4 447 628**

The housing development fund is represented by the following assets & liabilities:

Fixed assets	898 554	1 010 539
Debtors	3 143 966	2 983 909
Cash at bank	506 450	453 180
Total Housing Operating Account Assets and Liabilities	**4 548 969**	**4 447 628**

17 OTHER RESERVES

Insurance Reserve	2 325 689	1 049 235
	2 325 689	**1 049 235**

The insurance reserve has been ring fenced within accumulated surplus

Opening balance	1 049 235	897 688
Tranfers	1 276 454	151 547
Closing balance	**2 325 689**	**1 049 235**

18 PROPERTY RATES

Actual		
Agriculture properties	1 918 784	1 763 235
Business and Commercial properties	20 992 941	19 999 731
Industrial properties	7 815 647	7 441 448
Mining properties	491 526	467 765
Public service infrastructure	36 774	58 244
Public service purposes	13 197 341	12 425 046
Residential Properties	45 303 719	42 746 927
Leases	-	2 205
Vacant Property	5 866 502	5 548 356
Revenue foregone	(16 466 272)	(15 520 498)
Total	**79 156 962**	**74 932 458**
Valuations		
Agriculture properties	1 225 542 000	1 225 542 000
Business and Commercial properties	578 701 000	579 058 000
Cemetery (Private)	498 000	498 000
Industrial properties	213 054 000	213 054 000
Mining properties	11 703 000	11 703 000
Municipal properties	295 776 000	292 011 000
Public Benefits Organisation	115 130 000	114 167 000
Public service infrastructure	49 759 000	49 759 000
Public service purposes	276 095 000	276 095 000
Residential Properties	3 500 277 500	3 491 588 500
Worship Residential	84 531 000	84 531 000
Vacant Property	61 293 000	60 758 000
Total Property Valuations	**6 412 359 500**	**6 398 764 500**

	2019	2018
	R	R
The last general valuation came into effect on:	01/07/2017	01/07/2017
Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2017.		
Interim valuations are processed on a quarterly basis to take into account changes in individual land values due to consolidations and subdivisions.		
Assessment rates: Cents in the rand on market valuation as follows:		
Agriculture properties	0.4000c/R	0.3762c/R
Business and commercial properties	4.2000c/R	3.9996c/R
Industrial properties	4.2100c/R	4.0095c/R
Mining properties	4.2000c/R	3.9996c/R
Public service properties	4.7800c/R	4.5441c/R
Public service infrastructure	0.4000c/R	0.3762c/R
Residential properties	1.6000c/R	1.5147c/R
Vacant properties	9.6500c/R	9.1872c/R
The first R15 000 of the valuation of residential properties are exempt from the calculation of rates.		
Rebates:		
Agricultural property	60%	60%
Smallholdings	30%	30%
Business and commercial properties	12%	12%
Industrial properties	12%	12%
Land reform, worship, PBO's, monuments, informal settlements and municipal owned property		0%
Residential properties	22%	22%
Public service infrastructure	30%	30%
Pensioners (Earning R4500 per month)	25%	25%
Pensioners (Earniing R4501 - R5000 per month)	20%	20%
Pensioners (Earniing R5001 - R5500 per month)	15%	15%
Pensioners (Earniing R5501 - R6500 per month)	10%	10%
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2016 financial year): On a monthly basis, and the final dates of payment being the last working day of the month from August 2018 to June 2019.		
Interest is levied on outstanding rates per annum at:	12%	12%

19 SERVICE CHARGES

Sale of electricity	116 065 146	107 664 538
Refuse removal	22 441 688	21 765 396
Indigent Support - Electricity	(1 262 170)	(1 291 287)
Indigent Support - Refuse Removal	(3 367 218)	(3 489 051)
Total Service Charges	**133 877 446**	**124 649 596**

20 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities and equipment	1 508 127	1 661 994
Total Rentals	**1 508 127**	**1 661 994**

21 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	2 963 471	3 282 788
Total Interest	**2 963 471**	**3 282 788**

22 TRANFERS AND SUBSIDIES

Equitable share	41 598 552	37 228 000
Municipal infrastructure grant	22 932 509	21 702 000
Financial management grant	1 770 000	1 700 000
Library subsidy	3 908 000	3 303 000
LGSETA grant	25 000	206 343
Sibongile Dundee Cyber Cadet grant	895 479	412 453
Sport Grant	22 739	-
Museum subsidy	441 000	420 000
KZN Housing - Sibongile Hostel	-	87 751
Integrated National Electrification Programme grant	3 591 993	5 902 494
Expanded Public Works Programme	1 000 000	1 231 756
Sibongile Housing Project	-	1 429 151
Training of councillors grant	12 000	4 500
Small Town Rehabilitation Grant	543 172	1 080 807
Rural Horse Riding Grant	-	225 919
Housing Grant	3 943 771	-
Massification Programme Grant	2 380 886	-
Total Government Grant and Subsidies	**83 065 101**	**74 934 174**

	2019	2018
	R	R
Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	41 598 552	37 228 000
Transferred to revenue	(41 598 552)	(37 228 000)
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	-
Current year receipts	24 487 000	21 702 000
Conditions met - transferred to revenue	(22 932 509)	(21 702 000)
Conditions still to be met-transferred to liabilities (see note 15)	**1 554 491**	-
This grant is used to improve/establishment of infrastructure. No funds were withheld		
Financial Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 770 000	1 700 000
Conditions met - transferred to revenue	(1 770 000)	(1 700 000)
Conditions still to be met-transferred to liabilities (see note 15)	-	-
This grant is directed towards improving compliance, implementation and management of the MFMA and Supporting reforms. No funds were withheld.		
Library subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	3 908 000	3 303 000
Conditions met - transferred to revenue	(3 908 000)	(3 303 000)
Conditions still to be met-transferred to liabilities (see note 15)	-	-
This subsidy is in respect of the municipal library services.		
LGSETA grant		
Balance unspent at beginning of year	637 393	673 157
Current year receipts	122 864	170 579
Conditions met - transferred to revenue	(25 000)	(206 343)
Conditions still to be met-transferred to liabilities (see note 15)	**735 257**	**637 393**
This grant is in respect of skills training for municipal staff. No Funds were withheld		
Museum Grant		
Balance unspent at beginning of year	1 965	1 965
Current year receipts	-	-
Conditions met - transferred to revenue	-	
Conditions still to be met-transferred to liabilities (see note 15)	**1 965**	**1 965**
The grant was for the upgrade of infrastructure at the museum. No funds were withheld.		
Cyber Cadet grant		
Balance unspent at beginning of year	843 869	647 754
Current year receipts	447 470	608 569
Conditions met - transferred to revenue	(895 479)	(412 453)
Conditions still to be met-transferred to liabilities (see note 15)	**395 860**	**843 869**
This grant is for the Cyber Cadets. No funds were withheld.		
Department of Sports grant		
Balance unspent at beginning of year	-	318
Current year receipts	50 000	-
Expenditure claimed in accordance with grant conditions	(22 739)	(318)
Conditions still to be met-transferred to liabilities (see note 15)	**27 261**	-
This grant is intended for the building of a sports facility. No funds were withheld.		

	2019	2018
	R	R
Museum subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	441 000	420 000
Expenditure claimed in accordance with grant conditions	(441 000)	(420 000)
Conditions still to be met-transferred to liabilities (see note 15)	-	-
This subsidy is to fund museum services. No funds were withheld.		
KZN Housing - Sibongile hostel		
Balance unspent at beginning of year	480 713	537 302
Current year receipts	27 460	31 162
Expenditure claimed in accordance with grant conditions	-	-87 751
Conditions still to be met-transferred to liabilities (see note 15)	**508 172**	**480 713**
This grant is for the upgrade of the Sibongile hostel. No funds were withheld.		
KZN Housing - Ext 18 housing project		
Balance unspent at beginning of year	206 365	206 365
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 15)	**206 365**	**206 365**
This grant is for the upgrade of the Extension 18 housing project. No funds were withheld.		
KZN Housing - Upgrade of Sithembile Hostel		
Balance unspent at beginning of year	391 610	370 178
Current year receipts	22 245	21 432
Expenditure claimed in accordance with grant conditions		
Conditions still to be met-transferred to liabilities (see note 15)	**413 855**	**391 610**
This grant is for the upgrade of Sithembile hostel. No funds were withheld.		
Dept of Human Settements - Sibongile Housing Development		
Balance unspent at beginning of year	3 943 771	1 429 151
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	(3 943 771)	-1 429 151
Conditions still to be met-transferred to liabilities (see note 15)	-	-
This grant is for the Sibongile Bufferstrip housing. No funds were withheld.		
Department of Cooperative Governance and Traditional Affairs - Training of Councillor Grant		
Balance unspent at beginning of year	23 102	27 602
Adjustments and transfers	-	-
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	(12 000)	-4 500
Conditions still to be met-transferred to liabilities (see note 15)	**11 102**	**23 102**
This grant is for the training of Councillors. No funds were withheld.		
Department of Cooperative Governance and Traditional Affairs - Pound Grant		
Balance unspent at beginning of year	132 259	132 259
Current year receipts		
Expenditure claimed in accordance with grant conditions		
Conditions still to be met-transferred to liabilities (see note 15)	**132 259**	**132 259**
This grant is for the establishment of a municipal pound. No funds were withheld.		

	2019	2018
	R	R
Department of National Energy - Integrated National Electrification Programme		
Balance unspent at beginning of year	97 552	-
Current year receipts	6 930 000	9 000 000
Expenditure claimed in accordance with grant conditions	(3 591 993)	(8 902 448)
Funds transferred back to Revenue Fund	(97 552)	
Conditions still to be met-transferred to liabilities (see note 15)	3 338 007	97 552
This grant is for the Integrated National Electrification Programme increasing access to electricity specially in rural areas. No Funds were withheld.		
Department of Environmental Affairs - Transfer station		
Balance unspent at beginning of year	8 176	7 731
Current year receipts	465	445
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 15)	**8 641**	**8 176**
The grant is for improvement of public participation. No funds were withheld.		
Dept of Public Works - Expanded Public Works Programme		
Balance unspent at beginning of year	-	13 756
Current year receipts	1 000 000	1 218 000
Conditions met - transferred to revenue	(1 000 000)	(1 231 756)
		-
Conditions still to be met-transferred to liabilities (see note 15)	-	-
This grant is for Local Economic Development. No funds were withheld.		
Small town rehabilitation grant		
Balance unspent at beginning of year	1 264 104	1 531 847
Current year receipts	60 193	813 064
Conditions met - transferred to revenue	(543 172)	(1 080 807)
Conditions still to be met-transferred to liabilities (see note 15)	**781 125**	**1 264 104**
This grant is intended for the commercialisation of mixed agricultural projects and rehabilitation of parks. No funds were withheld.		
Rural Horse Riding Grant		
Balance unspent at beginning of year	18 048	241 392
Current year receipts	1 028	2 575
Conditions met - transferred to revenue		(225 919)
Conditions still to be met-transferred to liabilities (see note 15)	19 076	18 048
This grant was for the upgrade of infrastructure at the racetrack. No funds were withheld.		
Building Plan Man. System		
Balance unspent at beginning of year	-	
Current year receipts	500 000	
Conditions met - transferred to revenue		
Conditions still to be met-transferred to liabilities (see note 15)	500 000	-
To help rollout a pilot building plans Information Management System at Endumeni Municipality. No funds were withheld.		
Massification Programme Grant		
Balance unspent at beginning of year	-	
Current year receipts	7 500 000	
Conditions met - transferred to revenue	(2 380 886)	
Conditions still to be met-transferred to liabilities (see note 15)	5 119 114	-
This grant is for the purchase of Yellow Plant and to supplement the Municipal Electrification Programme.		

	2019	2018
	R	R
23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
23 Other Income		
Burial fees	95 804	105 833
Discount received	-	-
Land Sales	441 193	17 957
Other Income	811 142	1 271 369
Donations/ Awards	3 790 845	11 512 416
Total Other Income	**5 138 984**	**12 907 574**
24 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	67 724 484.70	60 694 621
Acting allowance	1 050 605	1 069 527
Performance and other bonuses	5 226 675	4 619 243
Casual labour	3 228 431.16	4 905 891
Contribution to leave reserve	1 714 804	268 294
Group Life	285 940	296 433
Leave	2 325 288	2 713 617
Medical Aid	5 508 053	4 862 321
Housing allowances	963 351	1 097 494
Protective clothing and uniforms	462 453	376 105
Overtime payments	2 261 101	2 199 611
Pension	12 388 165	11 316 481
SALGA Shop fee	40 416	35 664
SARPA Membership	8 351	7 901
SAMRO	6 067	6 822
Standby Allowance	852 841	367 689
Sundry Allowance	863 596	1 196 226
Transport allowance	5 933 332	5 240 686
UIF	589 789	552 920
Cellphone Allowance	54 759	
Scarcity allowance	321 000	
Total	**111 809 502**	**101 827 546**
Remuneration of the Municipal Manager		
Annual Remuneration	709 081	401 500
Leave conversion	130 011	409 153
Acting Allowance	393 060	52 746
Car Allowance	304 692	107 333
Performance- and other bonuses		-
Cellphone allowance	18 066	10 000
Contributions to UIF, Medical and Pension Funds	1 575	30 949
Total	**1 556 485**	**1 011 680**

The Municipal Manager position was filled in April 2018 and the Municipal Manager was placed on suspension on 29 November 2018 and the posotion became vacant in April 2019. The above remuneration includes an acting allowance for the managers acting in the position of Municipal Manager during the period the position was vacant.

Remuneration of the Chief Finance Officer		
Annual Remuneration		877 682
Leave conversion		199 145
Acting Allowance	93 866	-
Performance- and other bonuses		151 446
Housing allowance		23 264
Cell phone allowance		3 881
Car allowance		61 280
Contributions to UIF, Medical and Pension Funds		22 154
Total	**93 866**	**1 338 851**

The Chief Financial Officer position became vacant in October 2017 and was vacant for the 2018/2019 financial year. The above remuneration includes the acting allowances for the managers acting in the position.

Remuneration of the Executive Manager Technical Services		
Annual Remuneration	672 603	963 059
Leave conversion	70 849	-
Acting Allowance	12 352	-
Performance- and other bonuses		-
Cell phone allowance	7 975	11 400
Car allowance	97 385	81 158
Contributions to UIF, Medical and Pension Funds	1 417	1 884
Total	**862 581**	**1 057 501**

	2019	2018
	R	R

The Executive Manager Technical Services position became vacant in June 2013. The position was filled in July 2016 and became vacant in March 2019 after resignation of the Executive Manager Technical Services. The above remuneration includes the acting allowances for the managers acting in the position

Remuneration of the Executive Manager Corporate Services

Annual Remuneration	677 705	118 397
Leave conversion	115 130	-
Acting Allowance	48 394	7 699
Performance- and other bonuses	-	-
Housing allowance	87 000	39 355
Cell phone allowance	10 669	2 153
Car allowance	192 263	39 213
Contributions to UIF, Medical and Pension Funds	75 007	314
Total	**1 206 167**	**207 131**

The position of the Executive Manager Corporate Services became vacant in May 2016 due to the passing away of the executive manager . The position was filled in April 2018 and became vacant in June 2019 after resignation of the Executive Manager Corporate Services. The above remuneration includes an acting allowance for the managers acting in this position during the month of June 2019.

Remuneration of the Executive Manager Planning and Development

Annual Remuneration	68 835	826 020
Leave conversion	96 241	
Acting Allowance	8 381	
Performance- and other bonuses	-	
Cell phone allowance	950	11 400
Car allowance	5 792	69 514
Contributions to UIF, Medical and Pension Funds	12 548	150 567
Total	**192 748**	**1 057 501**

The position of the Executive Manager Planning and Development is a new position and was filled in August 2016 and became vacant in August 2018 after resignation of the Executive Manager Planning and Development. The above remeuneration includes an acting allowance for the managers acting in this position.

25 REMUNERATION OF COUNCILLORS

Mayor	266 018	484 816
Deputy Mayor	91 135	-
Speaker	276 779	396 012
Executive Committee Member	445 311	747 636
Councillors	1 922 834	2 122 167
Councillors' travel allowances	595 588	511 747
Cell phone allowance	507 123	
Total Councillors' Remuneration	**4 104 787**	**4 262 379**

In-kind Benefits

The Executive Mayor and Speaker are part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has bodyguards and driver and 24 hour security and Backup Vehicle. The Speaker has a driver and bodyguards . Certain councillors also had 24 hour security and Body Guards.

26 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	13 157 634	11 360 687
Property, plant and equipment - prior period error (Refer to Note 37)	-	(316 100)
Intangible assets	40 346	7 071
Intangible assets - prior period error (Refer to Note 37)		(54 652)
Total Depreciation and Amortisation	**13 197 980**	**10 997 007**

27 FINANCE COSTS

Borrowings	-	182 809
Total Finance Costs	**-**	**182 809**

28 BULK PURCHASES

Electricity	89 415 159	81 276 911
Total Bulk Purchases	**89 415 159**	**81 276 911**

29 CONTRACTED SERVICES

Contracted services	5 212 924	6 384 291
Contracted services - Repairs and Maintenance	10 990 085	9 721 987

	2019	2018
	R	R
Legal Expenses	2 690 766	2 404 087
Audit Committee	128 624	104 719
Audit Fees & Internal Audit Fees	3 429 827	2 900 650
	22 452 226	**21 515 734**

30 OPERATIONAL COSTS

Included in operational costs are the following:-

Advertising	443 921	579 691
Amendments To Acts & Ord.	827 227	48 078
Bank Charges	974 794	983 362
H I V Aids	114 584	60 993
Indigent Support - reclassified	-	-
Insurance	395 214	345 907
Lease Payments	519 883	506 266
Materials	545 440	534 955
Membership Fees Kwanaloga	1 303 752	919 203
Meter Reading Fees	98 010	89 600
National Cleanest Town Compet	79 972	79 311
New Connections	359 822	285 588
Postages	392 480	345 146
Printing & Stationery	889 360	874 693
Prodiba - Payments	401 478	390 339
Marketing/ Civic presentation	139 427	548 221
Rural Horse Riding Event	770 119	811 029
Security	15 687 934	11 956 960
Service Of Process	50 800	85 800
Sport,Youth,Arts And Culture	1 331 074	741 629
Staff Training and Levy	136 781	131 921
Subsistence & Travelling	1 156 088	1 380 941
Telephone	1 352 399	1 573 811
Traffic Control	171 002	168 296
Transport Cost	4 097 017	5 124 482
Valuation Fees	265 029	292 315
Other General Expenses	5 087 639	5 926 877
Technical Support	311 879	804 736
Planning and economic development	1 281 581	2 293 630
Transfers and subsidies	10 506 806	6 229 355
	49 691 512	**44 113 133**

31 GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment	(1 727 085)	-
Intangible assets	-	-
Total Gain / (Loss) on Sale of Assets	**-1 727 085**	**-**

32 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)

Property, plant and equipment	(17 223)	253 736
Property, plant and equipment prior perios error (Refer to note 37)	-	(41 509)
Consumable Stores Impairment Loss	83 188	98 206
Total Impairment loss / (Reversal of Impairment Loss)	**65 965**	**310 433**

During the financial period a physical verification of assets was undertaken. Assets identified during the physical verification that is deemed to be in a poor and very poor physical condition was tested for possible impairment. As a result, 89 assets were tested for impairment, and additional impairment losses amounting to R 17 223 were recognised in respect of 6 of these assets

During the inventory count, inventory was verified for possible impairment. Redundant electrical inventory and consumables to the value of R 83 188 was impaired.

33 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value	9 047 000	-
Other newly identified assets		610 000
Total Profit / (Loss) on Fair Value Adjustment	**9 047 000**	**610 000**

34 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	15 601 269	20 697 538
Adjustment for:-		
Depreciation	13 157 634	11 044 587
Amortisation	40 346	(47 581)
(Gain) / loss on sale of assets	1 727 085	-
Contribution to retirement benefit obligation and Long Service	4 660 244	2 748 727

	2019	2018
	R	R
Contribution paid retirement benefit obligation and Long Service	(2 615 854)	(2 521 469)
Contribution to landfill site provision	162 722	2 032 382
Contribution to bad debt provision	13 928 457	12 906 692
Contribution to leave provision	1 016 969	268 294
Straightlining of leases	-	9 375
Finance costs paid	-	182 809
Fair value adjustments	(9 047 000)	(610 000)
Impairment loss / (reversal of impairment loss)	17 223	212 227
Impairment loss / (reversal of impairment loss) on inventory	83 188	98 206
Fines accrual	(1 662 411)	(1 368 590)
Donations	(3 704 338)	(11 512 416)
Reserve income	1 377 795	239 931
Interest earned	(2 963 471)	(3 282 788)
Operating surplus before working capital changes:	**31 779 858**	**31 097 925**
(Increase)/decrease in inventories	151 964	(2 030 278)
(Increase)/decrease in trade receivables	(10 381 677)	(4 452 987)
(Increase)/decrease in other receivables	(8 161 565)	(8 930 405)
Increase/(decrease) in VAT payable	590 763	467 080
Increase/(decrease) in conditional grants and receipts	9 647 395	(1 715 301)
Increase/(decrease) in trade payables	(4 938 700)	8 841 176
Cash generated by/(utilised in) operations	**18 688 038**	**23 277 208**

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	5 281 198	10 126 507
Call investment deposits	37 900 222	29 684 354
Net cash and cash equivalents (net of bank overdrafts)	**43 181 420**	**39 810 860**

36 CHANGE IN ACCOUNTING POLICY

No adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from a change in accounting

37 PRIOR PERIOD ERROR

PROPERTY PLANT AND EQUIPMENT

Land transferred removed from asset register.

During the year it was noted that three assets that was previously transferred in past years were erronously included on the asset register. An adjustment was made to accumulated surplus and property,plant and equipment in the prior year to correct this error.

Depreciation on completed buidling projects

During the financial year it was noted that two building related projects completed in the previous financial year were not capitalised and transferred out of asset under construction. As a result the financial statements were adjusted to reclassify an amount R3 739 412 from the opening balance Asset Under Construction to Buildings. The financial statements were also amended to recognise the depreciation oF R88 445 on these projects.

Housing letting scheme properties transferred in the prior year

During the financial year, 16 assets relating to housing letting schemes were removed from the asset register. These assets amounting to R123 130 had previously been transferred. An adjustment was also made to the impairment balance on these assets

Review of property, plant and equipment with zero carrying value

During the financial year, assets with zero carry values were reviewed. It was noted that the reviews of remaining useful life on certain assets were not done in the past. Adjustments were then made to restate the opening balance of accumalated depreciation and accumulated impairment in respect of these assets.

Investment property Incorrectly classified as property,plant and equipment

The Majuba FET is currently leasing a municipal building. The lease was entered into in April 2010. The building was incorrectly classified as property plant and equipment instead of investment property. Adjustments were made to the financial statements to reclassify this building to investment property and reverse the depreciation. The properties will be recorded at valuation roll values

	2019	2018
	R	R

Machinery incorrectly classified as buildings

The purchase of 3 sewing machines were incorrecly classified as buildings instead of machinery. As a result of this missclassification there was an understatement of depreciation in prior years. Adjustments were made to correct this misstatement and classification error.

Completed capital assets incorrectly classified as work in progress

Four completed capital projects were incorrectly still classified as work in progress and not unbundled to the relevant asset classification. The effect of this error is an understatement of depreciation in the current and prior years. Adjustments were made to correct this misstatement

The effect of the the correction of the abovementmentioned prior period errors are reflected below:

Balance previously reported 30 June 2018	302 174 539
Land transferred and removed from register	(34 753)
Housing letting scheme properties previously transferred	(123 130)
Depreciation on Buidlings projects completed in prior year	(88 446)
Review of assets with zero carrying values - Depreciation	536 638
Review of assets with zero carrying values - Impairment	41 509
Investment property incorrectly classified as property,plant and equipment	(139 399)
Machinery incorrectly classified as buildings	(4 971)
Completed capital assets reclassified to buildings and machinery	3 261 692
Completed capital assets reversed from work in progress	(3 473 197)
Net effect on Statement of Financial Position	302 150 483

INTANGIBLE ASSETS

Review of Intangible assets with zero carrying value

During the financial year, intangible assets with zero carry values were reviewed. It was noted that the reviews of remaining useful life on certain assets were not done in the past. Adjustments were then made to restate the opening balance of accumalated depreciation and accumulated impairment in respect of these assets.

The effect of the the correction of this prior period error is reflected below:

Balance previously reported 30 June 2018	101 206
Amortisation - Review of assets with zero carrying values	54 652
Net effect on Statement of Financial Position	155 858

INVESTMENT PROPERTY

Investment property incorrectly classified as property,plant and equipment

The Majuba FET is currently leasing a municipal building. The lease was entered into in April 2010. The building was incorrectly classified as property plant and equipment instead of investment property. Adjustments were made to the financial statements to reclassify this building to investment property and reverse the depreciation. The properties will be recorded as per valuation roll values

The effect of the the correction of this prior period error is reflected below:

Balance previously reported 30 June 2018	46 528 000
Reclassified from property,plant and equipment	1 362 000
Net effect on Statement of Financial Position	**47 890 000**

ACCUMULATED SURPLUS/(DEFICIT)

The effect of the the correction of prior period error above are as reflected below:

Balance previously reported 30 June 2017	276 502 318
	980 335
PPE - Land transferred and removed from register	-34 753
PPE - Housing letting scheme properties previously transferred	-123 130
PPE - Reclassfied PPE to investment property reversal of Carrying value	(149 348)
PPE - Reclassified sewing machines from buildings to machinery	(3 435)
PPE - Completed capital projects incorrectly classified as work in progress	(71 000)
Investment property - Reclassified building to investment property	1 362 000
Restated balance as at 30 June 2017	277 482 653
	412 261
Depreciation - Buidlings projects completed in prior year	(88 446)
Depreciation - Review of PPE with zero carrying values	536 638
Depreciation - Reclassified to investment property reversal of depreciation	9 949
Depreciation - Reclassification of sewing machines from buildings to machinery	(1 536)

	2019	2018
	R	R
Depreciation - Completed capital projects incorrectly classified as work in progress		(140 506)
Amortisation - Review of Intangible assets with zero carrying values		54 652
Impairment - Review of PPE with zero carrying values		41 509
Net effect on Statement of Financial Position		277 894 914

38 CHANGE IN ESTIMATE

There has been no significant changes in accounting estimates in the current reporting period.

39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Opening balance	10 771 519	-
Unauthorised expenditure current year		
- Debt impairment	4 484 789	4 643 024
- Depreciation & asset impairment	4 810 354	6 128 495
- Legal Fees	253 919	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**20 320 581**	**10 771 519**

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	8 861	5 614
Fruitless and wasteful expenditure current year	148 332	3 248
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 55)	-	-
Fruitless and wasteful expenditure awaiting condonement	**157 193**	**8 861**
- Purchase of Firearms without license	98 550	-
- Bids advertised with no award being made	49 782	
- Accommodation	-	2 152
- Medical injury on duty	-	1 096
	148 332	**3 248**

40 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	74 710 057	8 773 172
BAC not propertly constituted 2016/17	-	8 080 148
Restated opening balance Irregular expenditure	74 710 057	16 853 320
Irregular expenditure current year	44 124 559	57 856 737
Condoned by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	**118 834 616**	**74 710 057**

Other Supply chain management policy deviations (Refer to note 42.8)

Awards made to suppliers not in compliance with the SCM policy for the procurement of good and services.	4 727 991	14 163 193
Bid Adjudication committee not properly constituted SCM Regulation 29(2)(i)(ii).	22 239 056	42 479 068
Bid Adjudication committee not properly constituted SCM Regulation 29(2)(i)(ii), and Tenders not advertised for more than 14 days SCM regulation 22(1)(b)(i).	494 927	-
Bid Adjudication committee not properly constituted SCM Regulation 29(2)(i)(ii), and specification did not include local production and content Preferential procurement regulations 8(5).	675 913	-
Bid Adjudication committee not properly constituted SCM Regulation 29(2)(i)(ii), and bidders incorrectly disqualified in evaluation MFMA section 112(1)(f)	6 475 339	
Awards below R200 000 made to supplier who did not score the highest preference points. Preferential procurement policy framework Act section 2(1)(f).	94 600	180 000
Three quotations not obtained from prospective suppliers SCM Regulations 17(1)(a) and declaration of interest not submitted by supplier SCM regulation 13(1)(c)	21 647	-
Three quotations not obtained from prospective suppliers SCM Regulations 17(1)(a)	120 595	-

	2019	2018
	R	R
Declaration of interest not submitted by supplier SCM Regulation 13(1)(c), and tax clearance not submitted SCM Regulations 13(1)(b), and criteria for deviations from SCM policy not in compliance with SCM Regulation 36(1)(a).	5 478 902	-
Criteria for deviations from SCM policy not in compliance with SCM Regulation 36(1)(a)	1 249 984	-
Bid specification did not contain threshold for local production and content Preferential Procurement Regulations 8(2).	1 586 939	-
Awards made to suppliers for which objective criteria was not stipulated in tender documents section 2(1)(f) PPPFA	-	514 400
Awards made to suppliers who did not declare that their directors are in the service of the state SCM Regulations 13(1)(c).		265 750
Awards above R200 000 not procured through competitve bidding process	-	254 326
Expenditure exceeded contractual value MFMA section 116(2)(c)(ii).	940 266	-
Awards made to suppliers who's tax matters are not in order SCM Regulation 13(1)(b)	18 400	
	44 124 559	**57 856 737**

41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

42.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	1 245 548	1 046 661
Amount paid - current	(15 991)	(8 786)
Amount paid - previous years	(1 229 557)	(1 037 875)
Balance unpaid (included in payables)	-	-

42.2 Audit fees

Opening balance	-	-
Current year audit fee	2 497 537	2 226 626
Amount paid - current year	(2 497 537)	(2 226 626)
Amount paid - previous years	-	
Balance unpaid (included in payables)	-	-

42.3 VAT

Vat received for the year	4 366 037	7 306 492
Vat paid for the year	845 451	2 338 201

All VAT returns have been submitted by the due date throughout the year.

42.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	15 397 310	13 992 507
Amount paid - current year	(15 397 310)	(13 992 507)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

42.5 Distribution Losses

Units lost (kilowatts)	22 950 879	19 299 298
Units lost (sales price per kilowatts - rands)	38 176 198	25 769 332
Units lost due to normal distribution losses (sales price per kilowatts - rands [2019 : R 1.759, 2018 : R 1.557]	12 061 858	10 899 495
Units lost due to theft (sales price per kilowatts - rands [2019 : R 1.677, 2018 : R 1.462]	26 680 714	17 977 598
Units lost due to normal distribution losses (percentage)	8%	8%
Units lost due to theft (percentage)	18%	14%

42.6 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	27 507 154	24 544 960
Amount paid - current year	(27 507 154)	(24 544 960)

	2019	2018
	R	R
Amount paid - previous years		-
Balance unpaid (included in payables)	-	-

42.7 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Outstanding more than 90 days R
as at 30 June 2019	
Councillor: WN Mbatha Makhathini	131 602
Councillor: Mlotshwa TP	23 598
Total Councillor Arrear Consumer Accounts	**155 201**
as at 30 June 2018	
Councillor: WN Mbatha Makhathini	114 515
Councillor: Khanyile NE	19 864
Councillor: Mlotshwa TP	19 974
Total Councillor Arrear Consumer Accounts	**154 353**

42.8 Deviations of Supply Chain Management Policy

Tent Hire - KaMashaba Building and Electrical Project The procurement for Tent Hire did not follow the usual procurement process. There was a double booking on Glencoe Hall booking on the same day. The deviation was duly authorised by the Accounting Officer and was reported to Council.	2 150	
Investigation Services - L Khumalo The appointment of the service provider for investigation services did not follow the usual procurement process as the investigation was of a sensitive and confidential matter. The matter involved a Senior Official of the Municipality. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		291 115
Investigation Services - Ulwazi Forensic Investigations The appointment of the service provider for investigation services did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		107 900
Local artists performing at event - N Zulu The procurement for the performance at an event did not follow the usual procurement process as these are emerging local artists sole providers of traditional music and that are not registered on the database. The deviation were duly authorised by the accounting officer and will be reported to council.		10 000
Local artists performing at event - Dlukula Enterprise (Pty) Ltd The procurement for the performance at an event did not follow the usual procurement process as these are emerging local artists sole providers of traditional music and that are not registered on the database. The deviation were duly authorised by the accounting officer and will be reported to council.		15 000
Local artists performing at event - Asemahle Drum Majorettes The aprocurement for the performance at an event did not follow the usual procurement process as these are emerging local artists sole providers of traditional music and that are not registered on the database. The deviation were duly authorised by the accounting officer and will be reported to council.		5 000
Investigation Services - BE Khumalo The appointment of the service provider for investigation services did not follow the usual procurement process as the investigation was of a sensitive and confidential matter. The matter involved a Senior Official of the Municipality. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		251 215
Investigation Services - SKG Attorneys The appointment of the service provider for investigation services did not follow the usual procurement process as the investigation was of a sensitive and confidential matter. The matter involved a Senior Official of the Municipality. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		100 884
Presiding Officer - K Khanyile The procurement of services of presiding officer did not follow the usual procuremet process as the investigation was of a sensitve and confidential matter. The matter involved Senior Official of the Municipality. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		245 219

	2019	2018
	R	R
Printing - The LAN The awarding of the quote for printing for the direction signs for the Dundee July did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		5 940
Procurement of Tyres - Tiger Wheel and Tyre The procurement of the tyres for the Mayoral Vehicle did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		16 460
Video Footage - Abakhinyeki Co-operative The procurement of the video footage of the Dundee July did not follow the usual procurement process. The deviation was duly authorised by the Accounting officer and will be reported to Council.		28 400
Media Coverage and Briefing - HDL Mega (Pty) Ltd The procurement for media coverage and briefing did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		105 000
Technical Support - Combined Systems The appointment of the service provider for technical support with the compilitation of the Fixed Asset Register did not follow the usual procurement process as the service provider is the sole provider of baud software. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		502 248
Security Services - Ocean Dawn Security The appointment of the service provider for security services did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		8 252 916
Refreshments - Charlies Superspar The procurement of refreshments for the search party for missing children who drowned in a storm did not follow the usual procurement process. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		3 890
Repairs to Audi Q7 - Ladysmith Autohaus The awarding of the quote for the repairs to be done to the Audi Q7 did not follow the usual procurement process as the supplier had to strip and quote to identify the fault. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		61 182
License Renewal - Esri S.A The awarding of the quote for the license renewal did not follow the usual procurement process as Esri SA is the sole supplier of this service. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		43 929
Sole Supplier - Protsurv Geo Centre The awarding of the quote did not follow the usual procurement process as Protsurv Geo Centre is the sole supplier. The deviation was duly authorised by the Accounting Officer and will be reported to Council.		196 440
Repairs to Refuse Truck - Vryheid Gearbox Centre cc The awarding of the quote for the repairs to the refuse truck did not follow the usual procurement process as the company had to strip and quote NDE 14034. The deviation was duly authorised by the accounting officer and will be reported to council.		40 078
Local artists performing at event - Iqophelo Sgidi Trading The awarding of the quote for the performance at an event did not follow the usual procurement process as these are emerging local artists providing unique traditional music and that are not registered on the database. The deviation were duly authorised by the accounting officer and will be reported to council.		10 000
Taxis - Madonsela Crust Contruction CC The awarding of the quote for the hire of taxis did not follow the usual procurement process as the initial number procured was insufficient and additional had to be procured. The deviation was duly authorised by the accounting officer and will be reported to council		35 600
	2 150	10 328 415

		2019	2018
		R	R
42.9	**SCM Section 45 disclosures - Awards made to spouse,child or parent of a person in the service of the state**		
	During the year council appointed SKG attorneys who provided legal services to the municipality. The sole proprieter SK Gayapersad declared that his wife R Gayapersad is in the service of the state employed at the KZN Department of Justice and Constitutional Development. The value of the award is R204 345.06.		204 345
43	**CAPITAL COMMITMENTS**		
43	**Commitments in respect of capital expenditure**		
	- Approved and contracted for	**13 631 402**	**16 265 442**
	Infrastructure	3 422 541	9 158 493
	Other	10 208 861	7 106 948
	- Approved but not yet contracted for	-	-
	Infrastructure	-	-
	Other	-	-
	Total	13 631 402	16 265 442
	This expenditure will be financed from government grants and internal funding.		
	- Grant Funded	3 422 541	9 158 493
	- Council funded	10 208 861	7 106 948
	- External Loans		
	- Funding still to be sourced		
		13 631 402	**16 265 442**
	Operating leases		
	At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
	Operating leases - lessee		
	Within one year		675 026
	In the second to fifth year inclusive		1 186 176
	After five years		
	Total	-	**1 861 202**
	Operating lease payments represent rentals payable relate to the hiring of office equipment.		
	Operating leases – as lessor		
	The future minumum lease payments receivable under operating leases are as follows:		
	Minimum lease payments due		
	Within one year		129 291
	In second to fifth year inclusive		32 320
	After five years		
	Total	-	**161 611**
	Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangers, buildings, advertising space and housing. Operating leases have been straightlined in accordance with GRAP requirements.		
44	**EMPLOYEE BENEFITS**		
44	**Defined Benefit Plans**		
	Post-employment medical benefits		
	The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, LA Health and Samwumed. Pensioners continue on the option they belonged to on the day of their retirement.		
	The independent valuers, One Pangaea , carried out a statutory valuation as at 30 June 2019.		
	Statement of Financial Position The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:		
	Balance at beginning of the year	50 997 478	51 191 491
	Current service cost	2 093 259	2 102 384
	Interest cost	4 953 576	5 033 019

	2019	2018
	R	R
Benefit payments	(2 195 684)	(2 051 138)
Actuarial (gains)/losses	(3 026 516)	(5 278 278)
	52 822 113	50 997 478
Transfer to current provisions	(2 846 781)	(2 023 691)
Total	**49 975 332**	**48 973 787**
Statement of Financial Performance		
Current service cost	2 093 259	2 102 384
Interest cost	4 953 576	5 033 019
Actuarial (gains)/losses	(3 026 516)	(5 278 278)
Total	**4 020 319**	**1 857 125**
Total Contribution to post employment medical	4 020 319	1 857 125
Total Contribution to long service (see note 14)	639 925	891 602
	4 660 244	2 748 727
Principal actuarial assumptions:		
Discount rate	9.91%	
How was the discount rate determined	Market yields on government bonds	
Increase in health care cost	8.04%	8.15%
Active members expected to continue after retirement	100%	100%
Average retirement age	63	63
Mortality pre-retirement	SA 85-90	SA 85-90
Pre- retirement mortality at 30 June 2019		
Mortality post-retirement		
(Allow for 1% per annum mortality improvement factor from 2010)	PA (90)	PA (90)

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost inflation assumption is set out below:

Healthcare cost inflation sensitivity	1% decrease	30 June 2019 valuation basis	1% increase
Defined benefit obligation	60 019 725	52 822 113	46 957 852
Interest cost (next financial year)	5 320 547	5 180 991	5 045 218
Service cost (next financial year)	2 681 100	2 210 501	1 843 567

45 CONTINGENT LIABILITY

Endumeni/SP Madlala Mr Madlala was unprocedurally promoted and given a salary increase during the period of instability at the municipality. The decision to do so was never approved by council, and the salary increase was reversed. Mr Madlala lodged unfair labour practice dispute at bargaining council. Arbitrator ruled in favour of the municipality. Ruling has been taken on review by SAMWU. Attorney's await further instruction from Endumeni. Court date still pending.	-
Endumeni Municipality VS Mbube Security & Ocean Dawn This matter has not been finalised. Court granted interim order against the municipality with cost, matter still pending for finalisation	100 000
Endumeni Municipality VS Mbube Security (Interdict proceedings) The matter was sent to court by Mbube Security for not implementing court interdict. Terminating Ocean Dawn and reinstate Mbube security. The matter is now finalised.	-
Endumeni Municipality VS Mbube Security (Appeal proceedings) This is an appeal on the award of a security tender to the preferred bidder.	200 000
Endumeni Civic Association This a high court matter brought on by the Endumeni Civic Association regarding the low cost housing project. Endumeni Muncipality is the first respondent. The matter is still pending	300 000
Endumeni Municipality VS Makgatho N.O. Application This matter was referred to Court to enforce a contract that was terminated by the Municipality. The matter is still pending.	200 000
Endumeni Municipality VS Wise Training Centre This matter related to the hire of private security for one of the former mayors without following supply chain management processes.	20 000

	2019	2018
	R	R
Endumeni Municipality vs D Padayachee		100 000
Mr D Padayachee faced various charges and was dismissed on 08 March 2019. He referred the matter to labour Court for review.		
Endumeni Municipality vs Mbube and Sizowakha application		100 000
This is an appeal on the award of a security tender to the preferred bidder.		
Endumeni Municipality vs LJ Siwela		100 000
This a civil litigation case. A fraudulent qualification certificate was submitted by a previous employee who has now been dismissed. Decision has been taken to recover all monies paid to employee.		

46 RELATED PARTIES

No related party transactions arising from a related party relationships were identified during the reporting period for disclosure in the annual financial statements of the municipality.

47 EVENTS AFTER THE REPORTING DATE

No events after the reporting date noted for disclosure.

48 RISK MANAGEMENT

Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.
Financial assets exposed to credit risk at year end were as follows:

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

Cash and Cash Equivalents	43 181 420	39 810 860
Financial guarantees	153 310	153 310
Trade and other receivables	24 284 780	17 947 856
Maximum Credit Exposure	**67 619 510**	**57 912 027**

These balances represent the maximum exposure to credit risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

	Not later than one month	Later than one month and not later than three months
2018		
Gross finance lease obligations	-	-
Borrowings	16 940 305	-
Trade and other payables	-	-
Other		

	Later than three months and not later than one year	Later than one year and not later than five years
2017		
Gross finance lease obligations	-	-
Borrowings	-	-
Trade and other payables	11 963 075	-
Other	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The municipality does not have any long term borrowings.

	2019	2018
	R	R

49 RESTATEMENT OF COMPARATIVE INFORMATION

During the year it was noted that Indigent Support was erronously recorded as expenditure instead of against the revenue. There is no intention to charge or collect any revenue from indigents, therefore GRAP on Revenue from Exchange Transactions (GRAP 9) should not be applied. No revenue should therefore be recognised in the statement of financial performance as there is no intention to collect the revenue related to the free or subsidised goods or services. An adjustment was made to prior year to reclassify the indigent suppport against the revenue from service charges. The effect of the restatement is summarised below:

Statement of Financial Performance:		
Operational costs		48 893 471
Reclassified Indigent support		(4 780 338)
		44 113 133
Service Charges		(129 429 934)
Reclassified Indigent support		4 780 338
		(124 649 596)

50 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in note 50.1 and 50.2

50. COMPARISON TO BUDGET

50.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual 2019 R	Budget 2019 R	Variance 2019 R	Variance 2019 %	Explanation of significant Variance greater than 15% versus Budget
REVENUE					
Revenue from exchange transactions	**156 654 397**	**154 637 649**	**2 016 748**	**1%**	
Service charges	133 877 446	144 285 858	(10 408 412)	-7%	
Rental of facilities and equipment	1 508 127	1 369 571	138 556	10%	
Interest earned- external investments	2 963 471	3 600 000	(636 529)	-18%	Less money invested due to high rate of theft and debtors non-payment
Interest earned- outstanding receivables	-	-	-		
Licences and permits	4 119 369	4 132 597	(13 228)	0%	
Other income from exchange transactions	5 138 984	1 249 623	3 889 361	311%	Donations of assets from local mine
Gain on disposal of asset	-	-	-		
Gain on fair value of asset	9 047 000	-	9 047 000	100%	Fair value assessment done on investment properties
Revenue from non-exchange transactions	**174 819 278**	**194 093 769**	**(19 274 491)**	**-10%**	
Property rates	79 156 962	89 699 470	(10 542 508)	-12%	
Fines, penalties and forfeits	12 597 216	14 170 600	(1 573 384)	-11%	
Government grants and subsidies	83 065 101	90 223 699	(7 158 598)	-8%	
Total Revenue	**331 473 675**	**348 731 418**	**(17 257 743)**		
EXPENDITURE					
Employee related cost	111 809 502	123 734 508	(11 925 006)	-10%	
Remuneration of councillors	4 104 787	4 593 957	(489 170)	-11%	Political instability resulted in vacancies (Mayor and Speaker)
Debt Impairment	13 928 457	9 443 668	4 484 789	47%	High rate of debtor non-payment than estimated
Depreciation and asset impairment	13 174 857	8 404 849	4 770 009	57%	Budget estimates were lower than the actual.
Finance cost	-	-	-		
Bulk purchases	89 415 159	90 373 509	(958 350)	-1%	
Contracted services	22 452 226	30 746 574	(8 294 348)	-27%	
Other Expenditure	59 260 334	51 041 576	8 218 758	16%	Overspending on certain line items
Loss on disposal of assets	1 727 085	-	1 727 085		
Total Expenditure	**315 872 406**	**318 338 641**	**(2 466 234)**		
NET (DEFICIT) / SURPLUS FOR THE YEAR	**15 601 269**	**30 392 777**	**(14 791 509)**		

50. COMPARISON TO BUDGET (Continued)

50.2 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2019 Total Additions	2019 Budget	2019 Variance	2019 Variance	Explanation of Significant Variances Greater than 5% versus Budget
	R	R	R	%	
Corporate Services	603 821	1 323 500	(719 679)	-54%	
Financial Services	15 806 060	-	15 806 060	#DIV/0!	
Council and Municipal Manager	210 920	805 000	(594 080)	-74%	
Technical Services	2 902 269	37 747 400	(34 845 131)	-92%	
Planning and Development	-	300 000	(300 000)	-100%	
	19 523 070	40 175 900	(20 352 830)	-51%	MIG funds were not fully spent at year end. Many capital projects were put on hold due to the financial position of the municipality and the intervention by the province.

The appendix includes additions figures for Property, Plant and Equipment (note 8) and Intangible Assets (note 9) only.

Endumeni Local Municipality

UNAUDITED SUPPLEMENTARY APPENDIX B - Analysis of Property Plant and Equipment as at 30 June 2019

	Cost								Accumulated depreciation						Accumulated impairment						
	Restated Cost 30 June 2018	Additions 30 06 2019	Additions Infra 30 06 2019	Donated assets	Newly identified assets at fair value	AUC released 2019	Disposals 2019	Closing cost 30 June 2019	Accumulated depreciation as at 30 June 2018 as per AFS	Transfer	Restated Accumulated depreciation 30 June 2018	Depreciation charge 30 06 2019	Disposals	Accumulated depreciation as at 30 06 2019	Accumulated impairment as at 30 June 2018 as per AFS	Prior year adjustment	Restated Accumulated impairment as at 30 June 2018	Impairment loss 30 06 2019	Disposals	Accumulated impairment as at 30 06 2019	Carrying value
Land	61 009 564.48							61 009 564.48													61 009 564.48
Community assets																					
Dwellings	8 653 354.47							8 653 354.47	6 065 412.27		6 065 412.27	236 778.74		6 302 191.01	96 698.86		96 698.86			96 698.86	2 254 464.60
Non Residential Dwellings	69 800 502.64		-	1 453 316.24		515 205.94		71 769 024.82	12 113 252.36	179 202.39	12 292 454.75	2 381 917.24	-	14 674 371.99	1 970 139.96	-	1 970 139.96	-	-	1 970 139.96	55 124 512.87
AUC Buildings	5 164 012.23	-	2 589 312.20	1 708 446.34		-599 870.67	-747 657.20	8 114 242.90							-		-	-	-	-	8 114 242.90
Total Buildings	83 617 869.34	-	2 589 312.20	3 161 762.58	-	-84 664.73	-747 657.20	88 536 622.19	18 178 664.63	179 202.39	18 357 867.02	2 618 695.98	-	20 976 563.00	2 066 838.82	-	2 066 838.82	-	-	2 066 838.82	65 493 220.37
Infrastructure																					
Electricty	46 640 599.50			-		1 340 859.01		47 981 458.51	18 416 961.30	-146 314.88	18 270 646.42	1 253 491.48	-	19 524 137.90	212 617.81	-	212 617.81	-	-3 856.27	208 761.54	28 248 559.07
AUC Electricity	-		1 709 041.12	-		-1 584 337.27		124 703.85													124 703.85
Road	155 591 640.65			-		28 006 745.31	-190 595.82	183 407 790.14	52 029 211.63	-123 329.65	51 905 881.98	5 612 597.64	-139 796.45	57 378 683.17	3 474 003.41	-	3 474 003.41	16 216.86	-24 462.60	3 465 757.67	122 563 349.30
AUC Roads	23 396 124.77	-	7 971 268.37	-		-28 006 745.99	-1 164 465.66	2 196 181.49													2 196 181.49
Solid waste	6 482 755.70	157 580.00		-			-86 400.00	6 553 935.70	3 874 485.39	-56 844.20	3 817 641.39	415 401.87	-10 895.04	4 222 148.22	146 239.58	-1 726.79	144 512.79	-	-67 029.51	77 483.28	2 254 304.20
AUC Land Fill Site	226 726.00	-	-	-		-	-	226 726.00													226 726.00
Cemeteries	3 972 078.28	-	-	-		-	-	3 972 078.28	765 645.88	-	765 645.88	254 101.28	-	1 019 747.16	14 368.69	-	14 368.69	-	-	14 368.69	2 937 962.43
AUC Cemeteries	-		3 368 995.26	-		-	-	3 368 995.26													3 368 995.26
Total Infrastructure	236 309 924.90	157 580.00	13 049 304.75	-	-	-243 478.94	-1 441 461.48	247 831 869.23	75 086 304.20	-326 488.73	74 759 815.67	7 535 592.27	-150 691.49	82 144 716.45	3 847 229.49	-1 726.79	3 845 502.70	16 216.86	-95 348.38	3 766 371.18	161 920 781.60
Other Assets																					
Furniture and equipment	4 051 356.03	234 493.00	-	540 498.00		84 664.71	-91 221.70	4 819 790.04	2 677 199.06	-61 505.80	2 615 693.26	369 500.17	-89 685.10	2 895 508.33	18 565.84	-4 050.54	14 515.30	31.96	-769.16	13 778.10	1 910 503.61
Computer equipment	6 126 989.24	522 493.12	-				-1 124 594.43	5 524 887.93	4 359 286.32	-62 999.56	4 296 286.76	522 602.50	-1 066 268.31	3 752 620.95	26 420.13	-726.82	25 693.31	974.20	-8 943.41	17 724.10	1 754 542.88
Machinery and equipment	16 025 863.56	2 969 886.71	-	2 077.32		243 478.26	-394 331.45	18 846 974.40	7 023 254.91	-62 879.47	6 960 375.44	1 213 225.34	-290 647.99	7 882 952.79	398 342.93	-9 345.76	388 997.17	-	-48 318.12	340 679.05	10 623 342.56
Transport assets	15 168 830.21	-	-	-		-	-1 300 859.79	13 867 970.42	7 706 856.20	6 241.08	7 713 097.28	897 770.18	-621 564.74	7 989 302.72	29 063.05	-14 513.94	14 549.11	-	-550.39	13 998.72	5 864 668.98
Total Other assets	41 373 039.04	3 726 872.83	-	542 575.32	-	328 142.97	-2 911 007.37	43 059 622.79	21 766 596.49	-181 143.75	21 585 452.74	3 003 098.19	-2 068 166.14	22 520 384.79	472 391.95	-28 637.06	443 754.89	1 006.16	-58 581.08	386 179.97	20 153 058.03
Leased assets	9 978.09	-	-	-	-	-	-678.31	9 299.78	9 214.60	-	9 214.60	247.83	-652.70	8 809.73							490.05
Housing letting schemes	1 124 352.63	-	-	-	-	-	-	1 124 352.63							236 944.71	-	236 944.71	-	-	225 799.11	898 553.52
Total PPE	423 444 728.48	3 884 452.83	15 638 616.95	3 704 337.90		-0.70	-5 100 804.36	441 571 331.10	115 040 779.92	-328 430.09	114 712 350.03	13 157 634.27	-2 219 510.33	125 650 473.97	6 623 404.97	-30 363.85	6 593 041.12	17 223.02	-153 929.46	6 445 189.08	309 475 668.05
Intangible assets	1 012 896.80						-18 773.60	994 123.20	904 619.60	-47 581.46	857 038.14	40 345.69	-18 773.60	878 610.23							115 512.97
Investment Properties	47 890 000.00				9 047 000.00			56 937 000.00													55 575 000.00
Total assets	472 347 625.28	3 884 452.83	15 638 616.95	3 704 337.90	9 047 000.00	-0.70	-5 119 577.96	499 502 454.30	115 945 399.52	-376 011.55	115 569 388.17	13 197 979.96	-2 238 283.93	126 529 084.20	6 623 404.97	-30 363.85	6 593 041.12	17 223.02	-153 929.46	6 445 189.08	365 166 181.02

Endumeni Local Municipality

UNAUDITED SUPPLEMENTARY APPENDIX B - Analysis of Property Plant and Equipment as at 30 June 2018

	Cost								Accumulated depreciation						Accumulated impairment					
	Cost 30 June 2017	Prior year adjustment	Additions 30 06 2018	Additions infra 30 06 2018	Donated assets	Newly identified assets at fair value	AUC released 2018	Closing cost 30 June 2018	Accumulated depreciation as at 30 June 2017 as per AFS	Prior year adjustment	Restated Accumulated depreciation 30 June 2017	Depreciation charge 30 06 2018	Transfer	Accumulated depreciation as at 30 06 2018	Accumulated impairment as at 30 June 2017 as per AFS	Prior year adjustment	Accumulated impairment as at 30 June 2017	Impairment loss 30 06 2018	Disposals	Accumulated impairment as at 30 06 2018	Carrying value
Land	61 044 317.31	-34 752.83	-	-	-	-	-	61 009 564.48	-	-	-	-	-	-	-	-	-	-	-	-	61 009 564.48
Community assets																					
Dwellings	8 653 354.47		-	-	-	-	-	8 653 354.47	5 828 648.04	-	5 828 648.04	236 764.23		6 065 412.27	96 698.86	-	96 698.86	-	-	96 698.86	2 491 243.34
Non Residential Dwellings	43 357 256.22	6816427.82	52 000.00	-	10 535 963.71	-	9 038 854.89	69 800 502.64	10 353 311.99	179 202.39	10 532 514.38	1 759 940.37		12 292 454.75	1 970 139.96	-	1 970 139.96	-	-	1 970 139.96	55 537 907.93
AUC Buildings	15 136 991.95	-7212608.73	-	6 936 305.77	-	-	-9 696 676.76	5 164 012.23	-	-	-	-		-	-	-	-	-	-	-	5 164 012.23
Total Buildings	67 147 602.64	-396 180.91	52 000.00	6 936 305.77	10 535 963.71	-	-657 821.87	83 617 869.34	16 181 960.03	179 202.39	16 361 162.42	1 996 704.60	-	18 357 867.02	2 066 838.82	-	2 066 838.82	-	-	2 066 838.82	63 193 163.50
Infrastructure																					
Electricty	40 809 970.29		270 926.44	-	-	-	5 559 702.77	46 640 599.50	17 433 913.68	-146 314.88	17 287 598.80	983 047.62		18 270 646.42	212 617.81	-	212 617.81	-	-	212 617.81	28 157 335.27
AUC Electricity	337 176.97		5 222 525.78	-	-	-	-5 559 702.75	-	-	-	-	-		-	-	-	-	-	-	-	-
Road	155 521 710.65		69 930.00	-	-	-	-	155 591 640.65	47 059 047.80	-123 329.65	46 935 718.15	4 970 163.83		51 905 881.98	3 457 187.66	-	3 457 187.66	16 815.75	-	3 474 003.41	100 211 755.26
AUC Roads	2 907 370.63		-	20 488 754.14	-	-	-	23 396 124.77	-	-	-	-		-	-	-	-	-	-	-	23 396 124.77
Solid waste	6 482 755.70		-	-	-	-	-	6 482 755.70	3 478 009.05	-56 844.20	3 421 164.85	396 476.54		3 817 641.39	146 239.58	-1 726.79	144 512.79	-	-	144 512.79	2 520 601.52
AUC Land Fill Site	226 726.00		-	-	-	-	-	226 726.00	-	-	-	-		-	-	-	-	-	-	-	226 726.00
Cemeteries	3 972 078.28		-	-	-	-	-	3 972 078.28	511 552.11	-	511 552.11	254 093.77		765 645.88	14 368.69	-	14 368.69	-	-	14 368.69	3 192 063.71
AUC Cemeteries	-		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Total Infrastructure	210 257 788.52		5 563 382.22	20 488 754.14	-	-	0.02	236 309 924.90	68 482 522.64	-326 488.73	68 482 522.64	6 603 781.76		74 759 815.67	3 830 413.74	-1 726.79	3 828 686.95	16 815.75	-	3 845 502.70	157 704 606.53
Other Assets																					
Furniture and equipment	3 460 188.13		319 041.37	-	255 416.00	-	16 710.53	4 051 356.03	2 398 569.42	-61 505.80	2 337 063.62	278 629.64		2 615 693.26	17 291.17	-4 050.54	13 240.63	1 274.67	-	14 515.30	1 421 147.47
Computer equipment	5 646 971.47		480 017.77	-	-	-	-	6 126 989.24	3 863 921.88	-62 999.56	3 800 922.32	495 364.44		4 296 286.76	25 249.89	-726.82	24 523.07	1 170.24	-	25 693.31	1 805 009.17
Machinery and equipment	13 095 208.22	160068.11	1 408 439.61	-	721 036.28	-	641 111.34	16 025 863.56	6 033 293.88	-62 879.47	5 970 414.41	989 961.03		6 960 375.44	163 867.12	-9 345.76	154 521.36	234 475.81	-	388 997.17	8 676 490.95
Transport assets	13 216 026.81		1 952 803.40	-	-	-	-	15 168 830.21	6 710 982.48	6 241.08	6 717 223.56	995 873.72		7 713 097.28	29 063.05	-14 513.94	14 549.11	-	-	14 549.11	7 441 183.82
Total Other assets	35 418 394.63	160068.11	4 160 302.15	-	976 452.28	-	657 821.87	41 373 039.04	18 314 264.75	-181 143.75	18 825 623.91	2 759 828.83		21 585 452.74	235 471.23	-28 637.06	206 834.17	236 920.72	-	443 754.89	19 343 831.41
Leased assets	9 978.09		-	-	-	-	-	9 978.09	8 842.31	-	8 842.31	372.29		9 214.60							763.49
Housing letting schemes	1 247 482.33	-123129.7	-	-	-	-	-	1 124 352.63	-	-	-	-		-	236 944.71	-11 145.60	225 799.11	-	-	225 799.11	898 553.52
Total PPE	375 125 563.52	-393 995.33	9 775 684.37	27 425 059.91	11 512 415.99	-	0.02	423 444 728.48	102 987 589.73	-328 430.09	103 678 151.28	11 360 687.48	-	114 712 350.03	6 369 668.50	-41 509.45	6 328 159.05	253 736.47	-	6 581 895.52	302 150 482.93
Intangible assets	926 796.80		86 100.00			-	-	1 012 896.80	904 619.60	-54 652.00	849 967.60	7 071.40		857 039.00							155 857.80
Investment Properties	45 918 000.00	1362000	-	-	-	610 000.00		47 890 000.00	-	-	-	-		-	-	-	-	-	-	-	47 890 000.00
Total assets	421 970 360.32	968 004.67	9 861 784.37	27 425 059.91	11 512 415.99	610 000.00	0.02	472 347 625.28	103 892 209.33	-383 082.09	104 528 118.88	11 367 758.88	-	115 569 389.03	6 369 668.50	-41 509.45	6 328 159.05	253 736.47	-	6 581 895.52	350 198 340.73

Endumeni Municipality

APPENDIX C

UNAUDITED SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2019

	Cost / Revaluation							Accumulated Depreciation				Accumulated Impairment				
	Restated Opening Balance	Additions	Fair Valued/ Donations	Additions Infra	AUC Released	Disposals	Closing Balance	Restated Opening Balance	Depreciation	Disposals	Closing Balance	Opening Balance	Impairment adjustment	Disposals	Closing Balance	Carrying value
	R	R			R	R	R	R	R	R	R					R
Executive and council	43 341 379	99 203	-	-	-	-717 309	42 723 273	1 368 159	253 581	-126 983	1 494 758	10 958	-	-69	10 889	41 217 627
Municipal manager	1 407 516	111 717	-	-	-	-21 852	1 497 381	409 063	154 276	-14 488	548 851	510	974	-55	1 429	947 101
Corporate services	92 462 473	603 821	540 498	-	243 478	-425 325	93 424 946	19 153 419	2 778 201	-307 172	21 624 448	1 449 791	16	-14 976	1 434 831	70 365 666
Technical services	284 114 609	2 902 269	-	-	30 025 475	-3 022 692	314 019 660	88 660 554	9 314 248	-876 099	97 098 703	4 218 664	16 217	-127 848	4 095 888	212 825 070
Financial services	48 434 441	167 443	12 210 840	15 638 617	(30 268 954)	-141 947	46 040 439	5 102 791	636 977	-134 606	5 605 162	902 864	16	-904	901 976	39 533 301
Planning and development	1 225 208	-	-	-	-	-790 453	434 755	875 402	60 696	-778 936	157 163	10 254	-	-10 078	176	277 416
Total	**470 985 625**	**3 884 453**	**12 751 338**	**15 638 617**	**-1**	**-5 119 578**	**498 140 454**	**115 569 388**	**13 197 980**	**-2 238 284**	**126 529 084**	**6 593 041**	**17 223**	**-153 929**	**6 445 189**	**365 166 181**

The appendix includes figures for Property, Plant and Equipment (note 8), Intangible Assets (note 9) and Investment Properties (note 10).

Endumeni Municipality
APPENDIX D
UNAUDITED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
as at 30 June 2019

2 018	2 018	2 018		2 019	2 019	2 019
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
8 744 025	55 305 005	(46 560 980)	Corporate Services	10 240 686	59 319 670	(49 078 984)
91 610 645	31 689 920	59 920 725	Financial Services	97 416 069	37 664 706	59 751 363
43 175 306	19 667 174	23 508 132	Municipal Manager	39 254 018	23 136 438	16 117 580
165 722 255	170 611 786	(4 889 531)	Technical Services	174 972 729	175 742 692	(769 963)
2 597 709	13 878 518	(11 280 809)	Planning and Development	543 172	10 961 899	(10 418 727)
311 849 940	**291 152 403**	**20 697 537**	Total	**322 426 675**	**306 825 406**	**15 601 269**

The inter-departmental charges have been allocated per segment for the current and prior years.